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24 May 1994

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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General

Justice Ministry Refutes Report on 4 June Prisoners

HK2305153094 Beijing XINHUA Hong Kong
Service in Chinese 1417 GMT 23 May 94

[Text] Beijing, 23 May (XINHUA)—A relevant person in charge of China's Justice Ministry today pointed out here that the report distributed by the organizations such as "Human Rights Watch/Asia" on 19 May, which claimed that nearly 500 prisoners who were arrested during the "4 June" incident have been recently discovered in Beijing's No. 2 Prison and Qinghe Reform-Through-Labor Farm and have been mistreated is sheer rumor with ulterior motives.

The relevant person in charge of the Justice Ministry made this remark today when responding to a question asked by a reporter who was conducting an interview in the Justice Ministry about this issue.

The person in charge said that, during the "4 June" incident five years ago, criminal proceedings were brought against a small number of people according to law because they had carried out activities aimed at overthrowing the government or had engaged in crimes such as smashing, looting, burning, and killing. He said that an absolute majority of them have been released because they have obtained lenient treatment or have served their terms, and the situation of nearly 500 persons being imprisoned does not exist. The so-called "new discovery" by organizations such as "Human Rights Watch/Asia" is nothing but a new rumor created by them.

This person in charge also said: Regarding the alleged coercion of prison inmates to be quality control workers for latex glove exports to the United States, investigations have found that the Beijing Municipal No 2 Prison signed a contract with a Beijing factory in 1991 to inspect its latex glove products. There were express provisions in the contract that all gloves to be inspected were to be sold domestically, and the contract has been effectively implemented. There was never any question about prisoners checking latex gloves which were exported to the United States, much less one about Beijing Municipal No 2 Prison producing latex gloves to be exported.

This person in charge pointed out: Chinese prisons, including the Beijing Municipal No 2 Prison, in accordance with the law, treat their prisoners humanely. Chinese law expressly forbids using corporeal punishment or committing brutalities against prisoners. We conduct business strictly according to the relevant laws and undertake the civilized management of prisoners, who are given genuine legal protection. The Chinese "Penal Code" states that corporeal punishment, the mistreatment of inmates, and gross infringements of criminals' legitimate rights and interests are criminal offenses punishable by law. People's procuratorates at all

levels have special prison-based agencies and staff to monitor the enforcement of these laws. The statement that the Beijing Municipal No 2 Prison beat, abused, and used corporeal punishment on prisoners is groundless and a pure fabrication.

In conclusion, this person-in-charge finally pointed out: This was not the first time that "Human Rights Watch/Asia" and other such organizations have concocted hair-raising lies which they have spread to confuse public opinion. But lies are lies. Such malicious slander by organizations such as "Human Rights Watch/Asia" only succeeds in exposing their hostility toward the Chinese people.

Justice Ministry Denies Detention, Prison Labor Allegations

OW2305165194 Beijing XINHUA in English 1631
GMT 23 May 94

[Text] Beijing, May 23 (XINHUA)—An official of China's Ministry of Justice said here today that the May 19 report of bodies like "Human Rights Watch-Asia" alleging that there were about 500 newly reported detainees from the 1989 anti-government turmoil was a sheer fabrication with ulterior motives.

The report alleged that there were nearly 500 newly reported detainees from the "June 4" incident of five years ago being held in the Beijing No.2 Prison and the Qinghe Reform-Through-Labor Farm. It claimed that they had been badly treated.

"This is a sheer fabrication with ulterior motives," the official said in an interview today.

The official said that in the "June 4" incident which took place five years ago, a small number of people were charged, according to the laws of China, with criminal responsibility for carrying out activities with the aim of sabotaging the government, or committing crimes, such as beating, smashing, looting, arson or killing, under cover of the chaotic situation.

The overwhelming majority of them had been released, either because they had been dealt with leniently, or because they had finished serving their terms, said the official, adding that there was no such thing as nearly 500 such detainees.

The so-called "new discovery" of the "Human Rights Watch-Asia" and other organizations was just their newly fabricated lies.

As to the allegation that the prisoners of the Beijing No.2 Prison were forced to be quality inspectors for production of rubber gloves for export to the United States, the official said that investigations showed that the prison signed a contract in 1991 with a factory in Beijing for inspecting the quality of rubber gloves on behalf of the manufacturer.

The contract contains a clear stipulation that the inspected gloves can only be marketed on the domestic market, and this has been effectively implemented, said the official.

He added that there had been no such exports inspected by prisoners to the U.S.A., nor had the Beijing No.2 Prison produced any gloves for export either.

The official said that in China, all prisons, including the Beijing No.2 Prison, have to treat prisoners humanely, according to law. The laws of China clearly stipulate that corporal punishment and violence against prisoners is forbidden, and "we act strictly according to relevant laws—we carry out civilized management over prisoners according to law, and there are laws guaranteeing it."

China's criminal law stipulates that any acts of using bodily punishment or maltreatment of prisoners, as well as actions which seriously infringe on the legitimate rights of prisoners, should carry criminal responsibility.

People's procuratorates at various levels have opened special offices in prisons and assigned special officers to these prisons to oversee the implementation of these aspects of the legal code.

The allegation that the Beijing No.2 Prison had used beating, scolding or other bodily punishment to maltreat prisoners was a "completely groundless fabrication," the official said.

It is not the first time that the "Human Rights Watch-Asia" and other organizations have made up such sensational rumors about the conditions in China's prisons and spread them to mislead the public, the official said.

Lies will be lies, he said. Such malicious slanders by the "Human Rights Watch-Asia" and similar organizations can only show their hostility toward the Chinese people.

Jiang Zemin Appoints New Envoys to Iraq, Saudi Arabia

OW2305114694 Beijing XINHUA Domestic Service in Chinese 0950 GMT 23 May 94

[Text] Beijing, 23 May (XINHUA)—In accordance with the decision of the National People's Congress Standing Committee, PRC President Jiang Zemin has made the following appointments and removals of ambassadors:

1. Zheng Dayong is removed from the post of ambassador extraordinary and plenipotentiary of the People's Republic of China to the Republic of Iraq;

Sun Bigan is appointed ambassador extraordinary and plenipotentiary of the People's Republic of China to the Republic of Iraq;

2. Sun Bigan is removed from the post of ambassador extraordinary and plenipotentiary of the People's Republic of China to the Kingdom of Saudi Arabia;

Zheng Dayong is appointed ambassador extraordinary and plenipotentiary of the People's Republic of China to the Kingdom of Saudi Arabia;

3. Zhu Chengcai is removed from the posts of ambassador extraordinary and plenipotentiary of the People's Republic of China to the Republic of Madagascar and concurrently ambassador extraordinary and plenipotentiary of the People's Republic of China to the Federal Islamic Republic of Comoros;

Zhao Baozhen [6392 1405 3791] (female) is appointed ambassador extraordinary and plenipotentiary of the People's Republic of China to the Republic of Madagascar and concurrently ambassador extraordinary and plenipotentiary of the People's Republic of China to the Federal Islamic Republic of Comoros;

4. Jiang Xiang is removed from the post of ambassador extraordinary and plenipotentiary of the People's Republic of China to the Republic of Guinea; and

Kong Minghui [1313 2494 6540] is appointed ambassador extraordinary and plenipotentiary of the People's Republic of China to the Republic of Guinea.

Rong Yiren Sends Greetings to Global Financial Symposium

OW2305160694 Beijing XINHUA in English 1534 GMT 23 May 94

[Text] Shanghai, May 23 (XINHUA)—The first symposium of international financial centers opened here today.

Wang Daohan, president of the Association for Relations Across the Taiwan Straits, is chairman of the on-going conference, and spoke at the opening ceremony.

Financiers at the meeting discussed the form, the development laws and trends of international financial centers, and talked about the advantageous conditions for rebuilding Shanghai into an international financial center—and the steps that needed to be taken.

More than 150 Chinese and overseas bankers, economists and representatives of various shanghai-based foreign financial organizations of different countries are attending the symposium, which will last for three days.

Chinese Vice-President Rong Yiren, and heads of many world renowned organizations sent personal messages of greetings to the symposium.

XINHUA 'Backgrounder' on U.S. Trade Figures

OW2305171694 Beijing XINHUA in English 1557 GMT 23 May 94

["Backgrounder:" "10 Facts About U.S. Trade"]

[Text] Washington, May 23 (XINHUA)—Here are the 10 facts about U.S. trade, and its relations with jobs and economy, as the country marked the 60th World Trade Week:

- U.S. two-way trade totaled 1,046 billion U.S. dollars in 1993, with exports of 465 billion dollars and imports of 581 billion dollars;
- Goods exports were 7.3 percent of the nation's gross domestic product in 1993, comparing with 1993 shares of GDP for Germany of 19.4 percent and for Japan of 8.6 percent;
- In 1993, total goods exports of the U.S. comprised 84 percent manufactured goods, nine percent agricultural goods and seven percent of mineral fuels and crude materials;
- Currently, U.S. exports of goods and services support a total of more than 10 million U.S. jobs;
- From 1891 through 1970, the U.S. had an unbroken string of trade surpluses. After 1970, it had deficits in every year except 1973 and 1975;
- Canada is the U.S. leading foreign market for exports, followed by Japan, Mexico, the United Kingdom and Germany. Canada is also the U.S. leading import supplier, followed by Japan, Mexico and China.
- The Commerce Department estimates that more than 37,000 U.S. manufacturing companies export - slightly more than one-third of all U.S. companies that export, or 104,564 firms.
- About two-thirds of U.S. goods exports are by U.S.-owned multinational corporations, with over one-third by the U.S. parent corporation shipped to foreign affiliates;
- Exports of U.S. business services are over one-third as large as U.S. exports of goods;
- In the U.S., GATT is projected to create 1.4 million jobs in a decade, reduce federal deficit by 15 billion dollars by 2004, and add 100 billion dollars a year to the nation's output.

U.S. Administration Says GATT at Stake in Congress

OW2305165394 Beijing XINHUA in English 1550
GMT 23 May 94

[Text] Washington, May 23 (XINHUA)—The passage of the final pact of the General Agreement on Tariffs and Trade (GATT) in Congress before the end of this year was at stake, Clinton administration officials said here today.

"There's a great deal at stake here," Treasury Secretary Lloyd Bentsen said at the opening ceremony of the World Trade Week 1994 held here, "We're going to ratify (the agreement), but it's not going to be easy."

The Congress was debating the revenue losses as the result of the GATT agreement, estimated at 14 billion U.S. dollars in five years, and whether the new World Trade Organization (WTO) meant the loss of the U.S. sovereignty to developing countries in trade disputes.

Meanwhile, Commerce Secretary Ron Brown said that the Clinton administration was committed to GATT passage, "but it will not occur without the broad and vocal support of the entrepreneurial community."

"In the politically charged atmosphere of this election year," Brown said, "Congressional approval can still be blocked by a small group of people who are frightened of the future."

"We gotta have a GATT," Brown stressed, "The passage of GATT reflects the fact that government can and should make the American economy more competitive."

Clinton administration officials said that the GATT agreement, which reduces world tariffs by an average of 40 percent, will create 1.4 million jobs in the U.S. and raise the annual income of the average American family by 1,600 dollars.

Treasury Secretary Bentsen, meanwhile, stressed that the Uruguay Round will make a contribution to deficit reduction in this country, reducing federal deficit by 15 billion dollars by the year 2004.

"This agreement also is a tax cut. It's a tax cut for American consumers. And it's a tax cut for American exports," Bentsen noted.

One-hundred and nine nations signed the Uruguay Round trade agreement in Marrakesh, Morocco, April 15, ending seven and a half years of negotiations. The agreement is subject to ratification by U.S. Congress.

This week, the United States observes the world trade week for the 60th consecutive year, with the theme "U.S. Exports - U.S. Jobs".

U.S. Christopher To Visit Middle East Next Month

OW2005174794 Beijing XINHUA in English 1617
GMT 20 May 94

[Text] Beirut, May 20 (XINHUA)—U.S. Secretary of State Warren Christopher is going to pay another shuttle visit to the Middle East region next month, Charge d'Affaires of the United States to Lebanon Vincent Battle said today.

According to a report broadcast by Radio Lebanon, the U.S. diplomat today met with Lebanese Foreign Minister Faris Buwayz in his office and told him that Christopher would make additional efforts to bridge differences between Syria and Israel over the future of Golan Heights.

The foreign minister told local reporters that his meeting with the U.S. charge d'affaires concentrated on the last

round of talks Christopher held with Syrian leaders in Damascus and with Israeli officials in Tel Aviv.

He expected that another round of talks would be held (by the U.S. secretary of state) before the parties concerned are invited to resume their negotiations.

He pointed out the talks between Syria, Israel and the United States, despite their seriousness, are still far away from reaching an agreement among them.

"So it is necessary to make more endeavors and efforts in order to achieve this purpose," the foreign minister said.

International Conference on Mideast Opens in Shanghai

OW2305144894 Beijing XINHUA in English 1407
GMT 23 May 94

[Text] Shanghai, May 23 (XINHUA)—More than 50 experts from 12 countries attended an international conference on the peace process in the Middle East, which opened here today.

The three-day meeting is discussing the development and prospects of the peace process in the Middle East, the international community's role in keeping peace in the region, and the prospect of economic cooperation with the region.

Wang Changyi, Chinese assistant minister of foreign affairs, said at the opening ceremony that China will continue to promote a political solution to the Middle East problem as it has in the past, with the international community, especially countries in the Middle East region.

This is the first time China has held such a meeting. The director of the Peace and Development Research Institute of China, Hu Gang, said that the Chinese Government and people have shown keen concern for the peace process in the Middle East.

Experts among Chinese academics have also put great emphasis on research on the peace process in the region, and hope to research into the history, present and future of this process with experts in other countries in different fields and with a wide approach, in order to promote peace and development in the Middle East and the world, Hu said.

The conference received 36 papers, in which delegates expressed their views relating to the latest developments in the Middle East.

The experts are from Palestine, Israel, Egypt, Jordan, Tunisia, Morocco, Turkey, Japan, Britain, Russia, the U.S. and China.

MENA Reports U.S., France Differ on Iraq Sanctions

OW2305171594 Beijing XINHUA in English 1649
GMT 23 May 94

[Text] Cairo, May 23 (XINHUA)—The United States and France differ over the lifting of the international sanctions against Iraq, according to a MIDDLE EAST NEWS AGENCY (MENA) report from Paris today.

The MENA report, citing the Paris weekly "L'EVENEMENT DE JEUDI," said that the United States, backed by Britain, still thinks it premature to lift the international embargo against Iraq, which was imposed after Iraq's August 1990 invasion of Kuwait.

However, the weekly said that France, backed by Russia and China, stands for lifting the sanctions.

MENA said that the change in the French stand came slowly after much hesitation.

Currently, French companies are preparing to secure the lion's share in Iraqi contracts after American companies clinched two big contracts in Saudi Arabia, the weekly said.

The economic incentives might have been the reason that prompted Paris to accelerate its steps toward lifting the embargo on Iraq, it added.

According to MENA, two events have shown the improvement in France's position on Iraq. The first one was an announcement by the French Government to terminate its participation in monitoring the embargo, and the second is the tendency to open a section to look after the French interests in Iraq.

"The Iraqis believe that the change in France's stand is a positive step toward better bilateral relations, and they are awaiting more to come in the coming few weeks," the news agency said.

XINHUA Notes Christopher's Contacts With Ukraine on Crimea

OW2405001194 Beijing XINHUA in English 2218
GMT 23 May 94

[Text] Washington May 23 (XINHUA)—U.S. Secretary of State Warren Christopher wrote his Ukrainian counterpart today and affirmed Washington's support for Kiev's control over the disputed Crimea region.

"The territorial integrity of Ukraine within its present borders is something that the United States has consistently affirmed," State Department spokesman Michael McCurry said.

"The secretary recognized the responsible and conciliatory approach that Ukraine has adopted in dealing with developments in Crimea thus far and urged the Ukrainian Government to continue to exercise restraint," the

spokesman said of Christopher's letter to Ukrainian Foreign Minister Anatoliy Zlenko.

He described the Crimean parliament's decision to "adopt measures intended to loosen Ukraine's authority in the Black Sea peninsula as contradicting the Ukrainian Constitution.

"Russia has also made clear its continued support of the Ukraine's territorial integrity," McCurry said.

He denied reports that Ukraine might stop returning the dismantled nuclear weapons if Russia intervenes in Crimea as "baseless." The transfer "had been proceeding satisfactorily," McCurry said.

IISS Says U.S. Takes 'No-Risk' in World Issues
OW2305185394 Beijing XINHUA in English 1636 GMT 23 May 94

[Text] London, May 23 (XINHUA)—The United States and its Western allies were accused by a leading international think-tank today of taking a no-risk approach in solving some turmoils.

"It was a year in which the powers in the West... [ellipses as received] seemed to be suffering from a serious attack of strategic arthritis," the London-headquartered International Institute for Strategic Studies (IISS) said in "Strategic Survey 1993-1994", its review of the major strategic developments and trends of the past year.

"This affliction meant that few great risks were taken, or enduring commitments made, to address large strategic issues."

The IISS, an independent body with members in over 90 countries, said the U.S. appeared to want a guarantee of its security policy and took an approach of "no risk insurance" to peacekeeping.

"By the end of the year the U.S. would insist on no open-ended commitments, assurance of victory without casualties, and an exit strategy," it said. "These are awesome guarantees to ask for in today's uncertain world."

"Overall... [ellipses as received] it was clear that passage from the organized, if undesirable, certainties of the Cold-War era to a perhaps sounder system will take longer than many initially thought. One major problem is the reluctance of global and regional powers to provide the necessary lead."

The survey said the U.S. President Bill Clinton had been preoccupied with domestic concerns and "blowing a very uncertain foreign policy trumpet".

The survey concluded that "effective strategic action requires a judicious combination of conservatism and risk: Addressing the issues that arise out of the recent turmoil will require more of the latter, and less of the former."

The IISS said Russia's use of the term "near abroad" to describe other former Soviet States had "particularly dangerous implications".

It said Russia did not wish to revive the Soviet Empire because it was unable to bear the responsibilities and costs.

However, "It wishes to assure that these states act only with Russian interests and desires in mind. If need be, it will meddle in their business, even militarily, to ensure this outcome," the IISS said.

U.S. President Clinton Meets With Senegal President

OW2305203794 Beijing XINHUA in English 1952 GMT 23 May 94

[Text] Washington, May 23 (XINHUA)—U.S. President Bill Clinton met with Senegal President Abdou Diouf at the White House today.

"We've never had an opportunity to talk before, but our two nations have had very close and good relationships, and I think we'll continue them," Clinton told reporters at a photo session with Diouf in the Oval Office.

"It's a great honor for me to have the president of Senegal here and to thank him publicly for the leadership that his country has shown in promoting democracy and economic market reforms and many activities of the United Nations designed to save lives," Clinton said.

The two presidents discussed the crisis in Rwanda, human rights and cooperation to protect the environment, the White House said in a statement.

Diouf is in the United States on a private visit, the White House said.

Logo for UN's 4th World Women's Conference Selected

OW2405095594 Beijing XINHUA in English 0838 GMT 24 May 94

[Text] Beijing, May 24 (XINHUA)—A green pigeon carrying an orange ribbon in its bill has flown off with top prize in the logo design contest for the fourth world women's conference, according to results published here today.

The selected logo is round, with the words " '95 Beijing" etched in white on the ribbon. The green pigeon design is the symbol of the United Nations Fourth World Women's Conference and represents women and equality. The ribbon also flows in the shape of a "C", the first letter in "China", indicating that China is the host country of the world women's conference.

The logo was designed by Professor Chen Hanmin from the Central Institute of Arts and Crafts. It was selected from the 3,269 works sent in by Chinese citizens for the

contest co-sponsored by the Chinese organizing committee of the world women's conference and 18 mass media organizations in Beijing.

All the entries were appraised by a group of experts from the Ministry of Culture, the Chinese Artists' Association and other organizations.

According to the organizers, the logo designers included artists, workers, peasants, soldiers, government officials, teachers and students. The chosen logo has been registered with the patent office, with a copyright belonging to the Chinese Organizing Committee of the World Women's Conference.

The Fourth World Women's Conference will be held in Beijing in September next year. It will be the largest international meeting ever hosted by China. All the member states of the UN will send high-level governmental delegations to attend the conference.

United States & Canada

U.S. Secretary Espy Calls For China's MFN Renewal

OW2405001294 Beijing XINHUA in English 2210 GMT 23 May 94

[Text] Washington, May 23 (XINHUA)—U.S. Agriculture Secretary Mike Espy said Monday [23 May] that Washington should renew the most-favored-nation [MFN] trade status to China.

Espy said his visit to China last October made him aware that "China represents a very important market for U.S. agricultural commodities, an important market that will be increasingly important in the next decade."

"If somehow we would rescind MFN to China, other nations against whom we compete would just come in and fill the vacuum," he noted. He has made these concerns very clear to the White House, he added.

Another cabinet member of the Clinton administration, Ronald Brown, secretary of commerce, indicated today that from the perspective of the Commerce Department, the answer to what the U.S. should do on the issue of China's MFN "is increasingly clear."

"We know that China is growing at about 13 percent a year or more. We know that China is going to spend probably 600 billion U.S. dollars in infrastructure projects between now and the year 2000. I very much want American business and industry, small and large, to participate in the economic benefits of that growth in China," he said.

President Clinton is required to make up his mind whether to extend China's MFN with no conditions attached by June 3. It is "a difficult decision to make," Brown observed.

Editorial Calls For Renewal of China's MFN

HK2405071894 Hong Kong TA KUNG PAO in Chinese 23 May 94 p 2

[Editorial: "Strong Public Opinion Urges Renewal of China's Most-Favored-Nation Trading Status"]

[Text] The renewal of China's most-favored-nation [MFN] trading status, an issue between the United States and China, has reached a decisive stage this week. The mutually beneficial trade between the two countries should have developed unceasingly. In recent years, however, there has been political controversy every year between spring and summer, and the reason does not lie on the Chinese side. The original purpose of the U.S. linkage of human rights to China's MFN trading status was to exert pressure on China. But China was not overwhelmed by such pressure. Conversely, the United States became caught in a dilemma designed by itself. There are now strong criticisms of the erroneous U.S. policy from within the United States; Asia, including Hong Kong; and even traditional U.S. allies in Europe. If the United States revokes China's MFN trading status, it will have to pay a huge political and economic price.

To extricate itself from the embarrassment caused by the linkage, the Clinton administration, following Secretary of State Christopher's visit to China in March this year, recently sent Michael Armacost to Beijing as the President's special envoy, to seek a way out with Chinese cooperation. China's sincerity in this regard is beyond question. It wants to steadily develop friendly ties with the United States, promote cooperation, and reduce difficulties. Nevertheless, China cannot abandon its sovereignty or sacrifice social stability to meet U.S. demands.

The differences in human rights concepts between China and the United States are quite natural. Human rights, which involves value judgments, belongs to the category of ideology. The late political leaders of the two countries, Mao Zedong and Nixon, could facilitate Sino-U.S. diplomatic ties precisely because they proceeded from a strategic height, surpassing their ideological differences, seeking common ground while reserving differences, and reaching cooperation based on mutual benefit. More than 20 years have elapsed since Nixon's world-shaking visit to China. If the ideological differences on human rights today lead to a retrogression in Sino-U.S. ties, it will be an adverse current in history. Despite the adverse current, we believe that the historical tide will continue to surge forward. It is noticeable that while talking about China's MFN recently, U.S. President Clinton also stressed the importance of U.S.-PRC economic and strategic cooperation.

Following the Beijing political disturbance in 1989, the U.S. administration linked the question of human rights with China's MFN. Apparently, the "linkage" policy proceeded from a mistaken estimate. Five years have passed and China's political situation is more stable and its pace of reform and opening up has been steadier and

quicker. As stated by President Jiang Zemin last week, "a bad thing has turned into a good one." If we had failed to adopt resolute measures five years ago, the steady situation in China today would be impossible. During an interview given to the U.S. "FOREIGN AFFAIRS," Singaporean statesman Lee Kuan-yew also pointed out: "Anyone who attempts to set up another government in China cannot be steadier than the current Beijing regime. Just imagine what would have happened if the students in Tiananmen Square could have attained their goal and formed their government. These Tiananmen students went to France and the United States later. They have never ceased quarreling there. What would China be like if these students were in power? The situation would be worse than that in the Soviet Union. China is a huge and complicated country and it needs a powerful central government."

The development of events has proved that the United States' "linkage" policy is on the verge of bankruptcy. International observers have noted that it will be impossible for the U.S. Government to use the MFN issue to pressure China into accepting its human rights concept. If the United States revokes China's MFN trading status and fights a trade war, it will lose China's huge and potential market. In the current sharp economic competition between the developed nations, it is unlikely that the United States could bear the consequences. Information from Washington shows that the Clinton administration is considering a readjustment of this policy. It is now time to change its course. Many countries in the world have supported China's resumption of its status as a GATT signatory. Once China's status as a signatory of GATT is resumed, it should naturally be granted MFN trading status. If the United States wants to fundamentally change its policy, it should not obstruct China's reentry to GATT.

Whether the question of MFN is settled or not, the difference of views between China and the United States on human rights will exist for a long time to come. This should not hinder cooperation between the two countries. The Chinese Government has held discussions and exchanges with a number of foreign governments on the question of human rights. Last year, China set up a nongovernmental China Human Rights Society, which probed Chinese and foreign theory and practice on human rights, maintained contacts with foreign human rights organizations, and participated in international human rights conferences. When the question of human rights is "separated" from trade, China can similarly carry out fruitful exchanges with the United States in this field, based on mutual respect, equality, and justice, so as to constantly improve the situation of human rights.

Vice Premier Li Lanqing Meets U.S. Scholar, Wife

OW2305141594 Beijing XINHUA in English 1248
GMT 23 May 94

[Text] Beijing, May 23 (XINHUA)—Chinese Vice-Premier Li Lanqing met here today with Doak Barnett, a well-known United States scholar specializing in Chinese issues, and his wife.

They held cordial and friendly talks on issues of common interest.

At the invitation of the Chinese People's Institute of Foreign Affairs, the U.S. guests are visiting China May 2-30.

Jiangsu Delegation Ends U.S. Visit, Signs Agreements

OW2205001194 Nanjing XINHUA RIBAO in
Chinese 10 May 94 p 1

[By Jiangsu Provincial Foreign Affairs Department]

[Text] The Jiangsu provincial goodwill delegation successfully concluded its U.S. visit and returned to Nanjing on the afternoon of 9 May. During the U.S. visit, Governor Chen Huanyou met with New York State Governor Mario Cuomo and Georgia Governor Zell Miller. Following friendly and frank discussions, both sides exchanged views on exchange and cooperation, reached a consensus, and signed four agreements in economic and science trade. The four agreements were: The Jiangsu-New York High-Technology Cooperation Agreement; the Jiangsu-Georgia Economic and Trade Development and Exchange Memorandum; the New York State Financial Investment Seminar in Jiangsu Memorandum; and the Jiangsu-New York Comprehensive Visual Testing Agreement. The U.S. visit marked the first meeting between Jiangsu and U.S. governors and the signing of the four agreements signified the actual progress that Jiangsu has achieved in developing exchange and cooperation with the United States.

To enhance understanding, deepen friendship, and expand cooperation, the Jiangsu delegation made extensive contacts with U.S. industry, commerce, science and technology, education, legal, and media circles and Chinese in the United States. It attended the opening ceremony of the Jiangsu investment and trade fair in New York City, visited Ford Motor Company, the Atlanta Science Park, and New York State University's High Technology Center. Governor Chen was invited to speak at the receptions sponsored by the U.S.-Chinese Relations National Committee; the New York State International Cooperation Committee; and the business, scientific, and educational circles of Georgia. He introduced China's opening-up policy, Jiangsu's economic development and investment environment, and the prospects of developing Sino-U.S. friendly exchange and cooperation to those at the receptions. He also fielded questions posed by business, political, and legal circles and reporters. Many heads of major corporations discussed with the delegation the possibility of expanding cooperation. The vice chairman of the Detroit-based (Carden) Company and his party took a special nighttime charter flight from Michigan to discuss investment with the delegation. New York and Georgia officials said they would organize heads of major corporations to visit Jiangsu to explore investment projects. Good results exceeding original expectations were achieved at the

investment and trade fair in New York City, where agreements on 48 projects totalling \$510 million were signed.

The delegation was warmly received everywhere by various circles and by Chinese in the United States. On its first day in New York, Chinese organizations in the eastern United States and Suxing International Trading Company jointly sponsored a grand reception. Some 250 people turned up at that warm reception. This showed that Overseas Chinese love their country and miss their hometowns. During a stopover in San Francisco following visits to New York and Georgia, the California governor forwarded a personal letter via his special representative to the delegation in which he congratulated the delegation's successful visit and expressed the wish to develop friendly cooperation. Chinese circles in San Francisco and Los Angeles hosted a grand reception to welcome Governor Chen and his party. The delegation also met with Hawaii Governor John Waihee to discuss exchange and cooperation. During the visit, Governor Chen met with UN Deputy Secretary General Ji Chaozhu and many responsible persons at the Chinese embassy and consulate in the United States. He also met with comrades working at Chinese enterprises in the United States and urged them to further emancipate their minds, seize the opportunity, run well overseas enterprises, and accelerate the pace of developing overseas markets.

Cao Keming, deputy secretary of the provincial CPC committee; Wang Rongbing, vice governor; Liang Baohua, secretary general of the provincial CPC committee; and Shi Shaoxiang, deputy secretary general of the provincial government, met the delegation at the airport. Other delegation members, including Chen Biting, Ye Jian, Chen Deming, Li Zhonghe, and Gu Mingdao, returned to Nanjing on the same plane.

Sino-U.S. Financial Institute Opens in Shanghai *OW2305163594 Beijing XINHUA in English 1609 GMT 23 May 94*

[Text] Shanghai, May 23 (XINHUA)—The Shanghai Institute of International Finance, a Sino-U.S. joint venture, was started here today.

Institute President Lu Hongjun said that the institute aims to train senior management staff in banking, insurance, real estate, trade, multinational operations and international law and accounting services.

The institute is jointly sponsored by the China International Association for Studies of Human Resources, the Reann International Group of the United States, the Bank of China Shanghai Trust and Investment Consultancy Company, and the Shanghai Jiaotong University.

It is the 15th college to have been launched in Shanghai with overseas partners.

The institute has Wang Daohan, president of the association for relations across the Taiwan Straits, as its honorary president, and Dexuan Lee, president of the Reann Group, as chairman of the board of directors.

Northeast Asia

CAS, Japanese Firm Form 1st Software Venture *OW2305160794 Beijing XINHUA in English 1411 GMT 23 May 94*

[Text] Beijing, May 23 (XINHUA)—The Chinese Academy of Sciences (CAS) and Japan's NEC Corporation signed an agreement for the establishment of a computer software development institute, NEC-CAS Software Laboratories Co., Ltd., here today.

The specific plan for the laboratories is to do research and development for open system unix-based middleware and computer-aided engineering software for the Chinese market. This will be the first computer software joint venture in China.

The personal computer and workstation markets are experiencing rapid growth due to the boom in Chinese industry. Researchers said that they hope the new laboratories will contribute to the Chinese computer industry through the development of open system software.

Two More IAEA Inspectors Leave for DPRK *OW2405083094 Tokyo KYODO in English 0750 GMT 24 May 94*

[Text] Beijing, May 24 KYODO—Two inspectors from the International Atomic Energy Agency (IAEA) left Beijing on Tuesday [24 May] for Pyongyang where they will join three other inspectors monitoring the ongoing refueling of a North Korean nuclear reactor.

Delegation leader Pericos Demetrius said that technical discussions with North Korean officials are expected to last two to four days and that all five IAEA inspectors hope to be coming out together.

The three-member IAEA team arrived in Pyongyang last week and immediately reported that refueling of the 5-megawatt Yongbyon experimental nuclear reactor had begun.

It is widely believed that discussions will center on allowing the IAEA to inspect and measure fuel rods in order to ascertain whether or not any fuel has been diverted to a suspected nuclear weapons program.

The arrival of the two IAEA inspectors coincides with renewed talks at the United Nations in New York concerning the 15-month nuclear impasse between the U.S. and North Korea.

Jilin Holds Economic, Trade Fair in ROK

SK2305123794 Changchun JILIN RIBAO in Chinese 10 May 94 p 1

[By reporter Bi Zheng (3968 2398): "Jilin Government Holds Trade and Investment Briefing in Seoul"]

[Text] The Jilin economic and trade fair held in the ROK entered the third day on 9 May, and encouraging achievements were made in economic relations and trade and in drawing in investment. On the morning of 9 May, the provincial government held a trade and investment briefing at the conference room of the Korea Exhibition Center. Sun Yaoting, deputy secretary general of the provincial government, chaired the briefing, and Vice Governor Quan Zhezhu gave an introduction on Jilin's natural resources, investment climate, foundations for agriculture, industry, education, and science and technology, current foreign economic relations and trade, and preferential policies.

Vice Governor Quan Zhezhu said: Jilin Province welcomes more foreign investors and Overseas Chinese to come to discuss trade and develop industries. The Jilin Provincial government will make utmost efforts to help promote all the projects of common interest that are mutually beneficial and will, as always, provide various preferential policies. On the basis of the preferential policies stipulated by the state, we have also drawn up 29 encouraging policies on import and export management, production and operation, and tax levy. These policies have four major characteristics. First, the areas in which foreign investment can be made are relaxed even more, and we encourage investment to be made chiefly in developing enterprises producing export products, enterprises with advanced technology, enterprises engaged in building infrastructural facilities and exploiting resources, the pillar industries and superior industries Jilin will develop on a priority basis, fund- and technology-intensive industries, and the technical transformation of the existing enterprises. Second, the measures for attracting foreign investment will be more flexible and varied. In addition to money and technology investment to build joint ventures or exclusively foreign-funded enterprises, we also allow some investors to invest with materials to buy the property rights of our enterprises, develop Chinese-foreign limited liability stock companies, or carry out land development in large areas. Third, even more preferential policies will be applied to the levies of taxes and fees from foreign-funded enterprises. Foreign-funded enterprises which invested more than \$10 million in the areas we have encouraged will have their taxes reduced and levied at the rate of 15 percent when their tax reduction and exemption periods expire and when they have obtained approval from tax organizations. When foreign firms use the profits they have earned from the "three types of foreign-funded enterprises" to reinvest in building the enterprises in the fields we encourage, the income tax they have paid for the profits which they use to reinvest will be refunded. Fourth, the procedures for screening and approving the

establishment of foreign-funded enterprises will be simplified, and the procedures will be handled by the foreign economic relations bureau in a unified manner.

When Vice Governor Quan Zhezhu finished his introduction, responsible persons of relevant provincial government departments answered questions raised by pertinent ROK personages. The briefing proceeded in a warm and friendly atmosphere.

According to incomplete statistics compiled up to the evening of 9 May, transactions reached at the trade fair had totaled \$44.1 million, and agreement was reached on 81 foreign investment projects involving \$840 million, of which \$521 million would be made by foreign firms. Of these projects, 51 were contracts involving \$109.52 million, of which \$79.77 million would be foreign funds.

Near East & South Asia

Official Views Support for Mideast Peace Process

HK2305141694 Beijing ZHONGGUO XINWEN SHE in English 1230 GMT 23 May 94

[Text] Shanghai, May 23 (CNS)—China lends its support and pushes forward settlement of disputes by means of peaceful negotiation between the Arab and Israeli sides, Mr. Wang Changyi, the assistant to the Minister of Foreign Affairs said in the international academic conference on the Mideast peace process. He added that China would support all initiatives and actions for comprehensive and fair settlement of the Mideast problem.

The conference, co-sponsored by the Peace and Development Research Institute of the Shanghai Branch of the Chinese Academy of Social Sciences and the China Institute of International Affairs, opened this morning and was attended by some 50 high level experts on the Mideast problem from Egypt, Israel, Japan, Jordan, Morocco, Palestine, Tunisia, Turkey, Russia, Britain, the United States and China. They will review and outlook for the Mideast peace process while at the same time holding discussion on protection given by the international community to the Mideast peace and on economic cooperation in the region.

Mr. Wang said that the meeting embodied the support by China for the peace process in the Mideast region. He added that China had long favored political settlement of the Mideast problem based on relevant United Nations resolutions. The Chinese official said that the territory belonging to the Arabs should be returned, while the legitimate rights of the Palestinian people should be resumed. Sovereignty and security of all Mideast countries, including Israel should be respected and safeguarded. He noted that China would make effort as it was in the past with the international community, especially all countries in the Mideast region, in prompting political solution to the Mideast problem and in promoting peace and development in the region.

CPC Representative Leaves for Morocco 23 May

OW2305071794 Beijing XINHUA in English 0624
GMT 23 May 94

[Text] Beijing, May 23 (XINHUA)—Keyum Bawudun, alternate member of the Central Committee of the Chinese Communist Party (CPC), left here today for Morocco to attend the third plenary session of Morocco's Constitutionalist Union.

Keyum Bawudun, also deputy secretary of the CPC Committee of the Xinjiang Uygur Autonomous Region, will call on some leaders of Morocco's major parties during his stay there.

Saudi Minister Suggests Joint Oil Development

HK2305061594 Beijing CHINA DAILY
(BUSINESS WEEKLY) in English 22-28 May 94 p
2

[By Chang Weimin: "Saudis Hope To Develop Oil Jointly"]

[Text] Proposals by the visiting Saudi Arabian oil minister are expected to turn into co-operative projects.

Hisham Nazir, Saudi Arabia's Minister of Petroleum and Mineral Resources, suggested joint development of China's oil.

Nazir, on his first trip to China, discussed petroleum exploration, development and processing with high-ranking Chinese officials.

According to the China National Petroleum Corp (CNPC), which arranged the visit, Nazir made the proposals to President Jiang Zemin, CNPC president Wang Tao and Sheng Huaren, president of the China Petrochemical Corp.

An oil delegation from Saudi Arabia is expected to visit China later to explore further possibilities.

The delegates are expected to visit petroleum processing projects in Lianyungang in Jiangsu Province and Dagang in Tianjin, at which time specific details will be discussed, a CNPC official said.

Nazir said Saudi Arabia hopes to set up refineries in China to help meet China's domestic needs.

With the refineries, Saudi Arabia would ensure China a stable, long-term supply of crude oil, he said.

Saudi Arabia expects to set up the same type of joint-venture refineries it has in the United States, South Korea and the Philippines, Nazir said.

Economic and trade ties between the two nations can be developed, since their economies are complementary, he said, adding that Saudi Arabia wants to tap the China market.

Saudi Arabia, a leading oil producer, would also be able to help supply the crude needed for China's development, Nazir said.

He said he hopes Jiang Zemin will support his proposals and help forge agreements as soon as possible.

Jiang said China will carefully consider the Saudi oil minister's proposals and support any deals that promote bilateral co-operation.

China has considerable undeveloped oil reserves. Despite its large output, domestic supply cannot meet the country's soaring demand.

China produced 142 million tons of crude oil last year. It also imported, officially, 15 million tons of crude oil and 20 million tons of oil products, although sources say the figures are probably low.

Experts say that imports will probably increase since the country is planning for 9 per cent economic growth over the next seven years.

Sub-Saharan Africa**Jiang Zemin Meets Congo President Lissouba**

OW1905160294 Beijing XINHUA in English 1519
GMT 19 May 94

[Text] Beijing, May 19 (XINHUA)—Chinese President Jiang Zemin said here today that Sino-Congolese cooperation had yielded good results.

During his talks with visiting Congolese President Pascal Lissouba this afternoon, Jiang said that the current visit of Lissouba witnessed the 30th anniversary of the establishment of Sino-Congolese diplomatic ties, and as prime minister, Lissouba made efforts in this regard 30 years ago.

Jiang said that he was convinced that the visit would further Sino-Congolese bilateral understanding, and push their relations to a high level.

He spoke highly of the efforts the Congolese people had made under the leadership of the president to find the political and economic structures conforming to the country's domestic situation.

The Chinese Government appreciated Lissouba's view that democracy must go along with the Congo's traditional culture, and that the country's development needs stability, Jiang said.

He also expressed his satisfaction with the effective cooperation between China and The Congo, adding that China attached great importance to the bilateral ties.

"The Chinese people, along with Congolese people, would strengthen the bilateral cooperation in different fields on the basis of the five principles of peaceful co-existence," he added.

Jiang also expressed his appreciation for The Congo's "one China" stand, and support for China's re-entry to the General Agreements on Tariffs and Trade.

There was great potential in China-Congo two-way trade, he said.

Lissouba said that social stability and peace were both important to economic development.

He said that one purpose of his visit was to learn how the Chinese people had made their economic achievement.

"The Congo, with rich resources to be developed, welcomes Chinese enterprises to cooperate with Congolese counterparts," he said.

After the talks, Jiang and Lissouba were present at the signing of an agreement under which the Chinese Government will provide credit to The Congo. It was signed by Yang Wensheng, Chinese assistant minister of foreign trade and economic cooperation, and Clement Mouamba, Congolese minister of planning and economy.

Before the talks, Jiang held a greeting ceremony for Lissouba.

Among those present at the greeting ceremony were Li Tieying, Chinese state councillor and minister in charge of the state commission for restructuring the economy, Lu Jiayi, vice-chairman of China's National People's Congress Standing Committee, Lu Min, vice-chairman of the China Democratic National Construction Association, and Huang Qitao, chairman of the Chinese Government Reception Committee and vice-minister in charge of the State Science and Technology Commission.

Lissouba arrived here at noon today for a seven-day state visit to China at the invitation of Jiang Zemin. This is Lissouba's first visit to China since he became president in 1992.

Qiao Shi Meets President

OW2005131494 Beijing XINHUA in English 1248
GMT 20 May 94

[Text] Beijing, May 19 (XINHUA)—Qiao Shi, chairman of the Chinese National People's Congress (NPC) Standing Committee, met here today with Congolese President Pascal Lissouba.

Qiao spoke highly of the efforts Lissouba made for the establishment of Sino-Congolese diplomatic ties 30 years ago, and called him "an old friend of the Chinese people."

China and the Congo, as developing countries, both faced the arduous tasks of developing their economy, Qiao said.

"China, within its capability, would like to provide aid to all developing countries, including the Congo," he said. "Although the help is limited, it is an expression of friendship."

He also stressed that all countries should develop their own countries according to their own situation.

Lissouba said that the Congolese people would never forget the support and help from the Chinese people over the 30 years after the setting-up of bilateral diplomatic ties.

The two leaders also exchanged views on issues of common concern.

President Named Honorary Professor

OW2105162094 Beijing XINHUA in English 1316
GMT 21 May 94

[Text] Beijing, May 21 (XINHUA)—The title of honorary professor was conferred on visiting Congolese President Pascal Lissouba here today by Beijing University.

Beijing University President Wu Shuqing noted at the ceremony that President Lissouba is a renowned statesman as well as an expert in genetic biology and agronomy, with great academic attainments and works.

President Lissouba has given active support to economic and cultural exchanges between the two countries and contributed to the development of Sino-Congolese friendly relations, Wu said.

Lissouba said he was very pleased to become an honorary professor of Beijing University, adding that he would dedicate himself to the deepening of relations between his country and China.

Huang Qitao, chairman of the Chinese Government Reception Committee and vice-minister of the State Science and Technology Commission, was among those present at the ceremony.

This morning, President Lissouba toured the Great Wall. He left here by air for Guangzhou this afternoon.

President Lissouba Tours Guangdong

OW2205142894 Beijing XINHUA in English 1353
GMT 22 May 94

[Text] Guangzhou, May 22 (XINHUA)—Visiting Congolese President Pascal Lissouba today voiced his hope to strengthen economic exchange and cooperation with south China's Guangdong Province.

Meeting with entrepreneurs and businessmen from Guangdong province here today, Lissouba gave a detailed introduction to the Congo's resources and the country's conditions for economic development.

The Congolese president expressed the hope that Guangdong would become involved in opening up his country's resources.

Yesterday evening Governor Zhu Senlin of Guangdong Province hosted a dinner in honor of Lissouba and his party, who, accompanied by Huang Qitao, chairman of the Chinese Government Reception Committee and vice-minister of the State Science and Technology Commission, arrived here yesterday afternoon.

Chi Haotian Holds Talks With Ivorian Defense Minister

OW2205142694 Beijing XINHUA in English 1238 GMT 22 May 94

[Text] Beijing, May 22 (XINHUA)—Chinese State Councillor and Defense Minister Chi Haotian today discussed with Konan Koffi, visiting defense minister of Cote d'Ivoire, on furthering the ties between the two countries' armed forces and issues of common concern.

Koffi is the first senior military leader from Cote d'Ivoire to visit China since the two countries established diplomatic relations in 1983.

After the talks Chi hosted a dinner in honor of Koffi and his party at the state guesthouse here.

Earlier today, Chi hosted a welcoming ceremony for Koffi and his party who arrived here this morning as Chi's guests.

Vice Chairman Meets Ivorian Minister

OW2305143094 Beijing XINHUA in English 1335 GMT 23 May 94

[Text] Beijing, May 23 (XINHUA)—Zhang Zhen, vice-chairman of the Central Military Commission, met here today with Konan Koffi, visiting Defense Minister of Cote d'Ivoire, and his party.

Zhang said that China and Cote d'Ivoire, though far away from each other, have developed good relations since the two countries established diplomatic ties in 1983.

As developing countries, China and Cote d'Ivoire are faced with the common task of nationwide construction and development of the economy.

Zhang spoke highly of the Cote d'Ivoire Government's stance that there is only one China and that Taiwan is an inalienable part of its territory.

During the meeting, Zhang also briefed Koffi on China's economic development and the construction of its armed forces.

He expressed the belief that Koffi's visit would enhance the friendly relations between the armed forces of the two countries.

Koffi told Zhang that just as China does, Cote d'Ivoire pays much attention to the safeguarding of its territorial integrity, its people and its traditions.

He noted that Cote d'Ivoire recognizes the People's Republic of China as the sole legitimate government of China and Taiwan as one of its provinces.

Chinese State Councillor and Defense Minister Chi Haotian took part in the meeting.

More on Meeting

HK2405111694 Beijing ZHONGGUO XINWEN SHE in Chinese 1100 GMT 23 May 94

[By reporter Li Wei (2621 0251)]

[Text] Beijing, 23 May (ZHONGGUO XINWEN SHE)—General Zhang Zhen, vice chairman of the Central Military Commission [CMC], met Konan Koffi, Cote d'Ivoire defense minister, this afternoon. During the meeting, Zhang Zhen said: Taiwan has always been a part of China, and we do not allow the pursuit of "Taiwan independence" or the so-called "one China, one Taiwan." Any attempt to achieve "Taiwan independence" or "one China, one Taiwan" will fail.

During their cordial talks, General Zhang Zhen expressed his appreciation of Cote d'Ivoire's one-China policy, namely that it only recognizes the PRC Government as the sole legitimate government representing China.

Zhang Zhen pointed out that all disputes should be resolved through friendly negotiations.

Zhang Zhen stressed that the Chinese Army is the people's army, which always serves the people's interests, and that China's national defense policy is of a defensive nature and is absolutely for self-defense. He added that the assertion of the so-called "China threat" spread by some Western people is groundless.

The general hoped for the continuous development of the friendly relations between the two countries and the two countries' armed forces.

Among those present at the meeting were General Chi Haotian, state councillor and defense minister; and Lt. General Li Jing, deputy chief of staff of the Chinese People's Liberation Army.

West Europe

CPPCC Official Comments on Li Ruihuan's Europe Tour

OW2305132194 Beijing XINHUA Domestic Service in Chinese 1528 GMT 21 May 94

[By reporter Kang Xinwen (1660 2450 2429)]

[Text] Brussels, 21 May (XINHUA)— In an interview with Chinese reporters around noon today, Zhu Xun, member of the Standing Committee and secretary general of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] who is accompanying Li Ruihuan during his tour of five European nations, briefed reporters on Chairman Li's visit and answered their questions.

[Reporter] Secretary General Zhu, would you please give an overall account of Chairman's Li tour of the four Nordic nations and Belgium?

[Zhu Xun] At the invitation of the Governments of Finland, Sweden, Norway, and Denmark and the Belgian Senate and Chamber of Representatives, Li Ruihuan, chairman of the CPPCC National Committee, made an official goodwill visits to these five nations from 2 to 21 May. During the tour, Chairman Li met leaders of the five nations; had extensive exchanges with people from all walks of life in the five nations; visited some industrial, agricultural, transportation, and energy facilities, enterprises, schools; received representatives of Overseas Chinese communities, foreign nationals of Chinese descent, and Chinese students studying abroad; and called on the personnel of Chinese embassies in the five nations. Chairman Li was also invited to speak in Sweden and Belgium on China's reform, opening up, and the modernization drive and its foreign policy. Governments and parliaments of the five nations took Chairman Li's visits seriously and accorded him warm and friendly receptions. The visits achieved the goal of enhancing understanding, expanding exchanges, and increasing friendship and cooperation. They were a complete success.

[Reporter] Would you please tell us more about the achievements of the visits?

[Zhu Xun] Chairman Li's visits are the first to Western and Northern Europe by a chairman of the CPPCC National Committee. They represent a major step on the part of the CPPCC toward expanding international exchanges and cooperation. The achievements are numerous, and the three major ones are as follows:

First, mutual understanding and friendship between China and the five nations were enhanced. Chairman Li had frank and friendly [tan cheng you hao 0982 6134 0645 1170] exchanges of views with leaders of the five nations on further expanding bilateral relations and on some major current international issues, reaching a common understanding with them on many of the issues. Chairman Li briefed them on China's current economic situation. While fully affirming the progress China has made, he pointed out the difficulties and complexities involved in carrying out socialist modernization in a big country like China, stressing the need to keep a consistent grip on the intensity of reform, the speed of development, and the degree of stability and to balance the relations between reform, development, and stability. He told them that China is contributing to

world peace and progress with its endeavors for stability and development. All the leaders of the five nations spoke highly of the tremendous achievements China has made in economic construction, reform, and opening up and expressed understanding of the measures the Chinese Government has taken to preserve social stability. Paying serious attention to China's growing role and influence in international affairs, they said that they wished to expand exchanges and dialogues and continue developing economic cooperation and trade with China. Addressing issues on human rights and Tibet that were raised by the other parties in one form or another, Chairman Li gave a systematic account of China's basic stance on human rights and reaffirmed China's solemn stand on Tibet.

Second, we deepened our understanding of the five nations' economic and social conditions. During his tour, Chairman Li specifically observed the political, economic, and social conditions of the five nations. There is much in their methods in science and technology, education, economic management, and other areas that we can make use of in implementing modernization and establishing a socialist market economic system.

Third, we expanded the CPPCC's influence. The five nations knew very little about the CPPCC. On many occasions during the visits, Chairman Li briefed leaders of the five nations on the people's congress system and the system of multiparty cooperation and political consultation under the leadership of the CPC, which make up the basic forms of China's socialist democracy. In addition to the ruling CPC, China has eight democratic parties which participate in state and government affairs. They cooperate closely with the CPC on one hand and supervise one another on the other. The CPPCC serves as a major organization for implementing the system of multiparty cooperation and political consultation under the leadership of the CPC. This has enabled the five nations and the international community at large to have a better understanding of the political construction of China's socialist democracy, the characteristics and strong points of the CPPCC—an organization unlike either China's people's congress or the parliament of the West—and China's political party system.

[Reporter] What are your impressions of Chairman Li's successful visits?

[Zhu Xun] As cultural traditions, social systems, ideology differ from country to country, it is inevitable that nations will have differences on some issues. Frequent exchange of visits and contacts between senior leaders and dialogue based on mutual respect will help us seek common ground while putting aside differences, enhance mutual understanding, dispel misunderstandings, and reach an understanding.

Comrade Deng Xiaoping said: The CPPCC should take initiative and make vigorous efforts in promoting international friendly exchanges. These visits have demonstrated the importance of Comrade Xiaoping's theory. The CPPCC, being both an official and nonofficial organization, has a special role to play in China's international exchanges. In the past, the CPPCC made major contributions in developing China's friendship and cooperation with people of the world and in creating a good international image for China. In the future, it should take full advantage of its unequalled superior features in promoting international cooperation and exchanges and in creating a favorable international environment for China's economic development.

Accompanying Chairman Li on his tour were officials of the democratic parties and local CPPCC committees and other public figures. This reflects how broadly represented the CPPCC is. During the visits, these comrades did a great deal of useful work with good results. Their inclusion in the visits itself demonstrates the special features of the political construction of China's socialist democracy. The CPPCC should review experience in this regard in its dealings with foreign nationals or organizations in the future.

Vice Premier Li Lanqing Meets Swedish Reporters

OW2305141694 Beijing XINHUA in English 1249 GMT 23 May 94

[Text] Beijing, May 23 (XINHUA)—Chinese Vice-Premier Li Lanqing met here this afternoon with a delegation of economic journalists from Sweden.

During the meeting, Li answered questions put forward by the Swedish journalists, regarding such topics as China's re-entry into the General Agreement on Tariffs and Trade (GATT), China's rural development and reform of state-owned enterprises.

Nan Zhenzhong, vice-president and editor-in-chief of the XINHUA NEWS AGENCY, was present at the meeting.

The 10-member delegation, headed by Swedish industrialist and financier Count Peder Bonde and Executive Director of the International Council of Swedish Industry Ake Magnusson is composed of journalists from leading Swedish newspapers and radio and television stations.

The delegation arrived here today as guests of the XINHUA NEWS AGENCY. Before coming to Beijing, the delegation visited Shanghai, Wuxi and Nanjing.

AsiaSat, German Broadcaster Sign Lease Agreement

OW2005144494 Beijing XINHUA in English 1418 GMT 20 May 94

[Text] Hong Kong, May 20 (XINHUA) - Asia Satellite Telecommunications Co. Ltd. and a leading German broadcaster have signed a lease agreement for a C-band transponder on Asiasat 2 to be launched by China early next year.

The agreement was signed by Peter Jackson, chief executive officer of Asia Satellite Telecommunications Co. Ltd., and Dieter Weirich, director general of Deutsche Welle Radio and TV International of Germany, according to a news release available here today.

Asiasat 2, due to be launched by China Long March 2E rocket in early 1995, will carry 33 transponders of different types. Its footprint will stretch from Tokyo to Turkey and south to Jakarta and Australia, covering the sub-continent, Middle East and Eastern Europe.

Deutsche Welle will be Asiasat's first customer to lease a C-band transponder on Asiasat 2, and the first European broadcaster using Asiasat for global broadcasting, according to the news release.

Aerospatiale Pursues Long-Term Cooperation with PRC

BR1305145294 Paris LE FIGARO (LE FIG-ECO Supplement) in French 13 May 94 p IV

[Article by Jean Leclerc du Sablon in Beijing: "Aerospatiale Jockeying for Position in China"]

[Text] Aerospatiale has decided "to make long-term investments in China," announced Louis Gallois, its president and one of the first major French CEO's to have come to study opportunities opened by last January's normalization of relations between Paris and Beijing. Among his priorities: To collaborate with the Chinese in the space industry field.

"We must have a greater presence and convince the Chinese authorities and companies that we are in China for the long run," insisted the French manufacturer. With 43 Airbus ordered by China, of which only 12 are already in operation (compared with 225 Boeings and 100 or so McDonnell Douglas aircraft), Aerospatiale's share of the Chinese market is far below its world market share of 30 percent.

There are various reasons for France's aerospace industry's poor performance in China. The sale of Dassault Mirage 2000-5 fighters to Taiwan precipitated political sanctions which affected several sectors. U.S. manufacturers, supported by their government and by procurement policy guidelines of the Chinese authorities, managed to generate "purchasing habits" in China.

Pilot Training Center

"We can no longer use the political situation as an excuse; we must make substantial efforts to achieve a share that we consider just," Louis Gallois notes.

The Chinese authorities are getting ready to welcome "in a few days" a technical mission sent by Aerospatiale to explore potential areas for cooperation with Chinese industrials, including satellites. "Long March" rockets are "competitors equipped with modern technologies, but here, too, we can find a way to collaborate, through

technical exchange and concept adjustment," Louis Gallois explains. "China is important as a market, but also because of its existing technological know-how."

Other goals of the group include the projected Airbus' training center for civilian and possibly military pilots and technicians to be set up near Beijing Airport, as well as a storehouse for spare parts. The European Union is currently considering lifting the ban on military cooperation it imposed after the Tiananmen massacre in 1989.

Also in progress is the development of a light helicopter in partnership with China (25 percent), Singapore (16 percent), and Eurocopter. Beside Airbus, Louis Gallois has been pushing the French-Italian ATR 42 (Regional Transport Plane) turboprop. So far, the Chinese authorities' interest has been nonexistent. For political reasons, no doubt, but also due to a kind of snobbishness: They think turboprops are "backward." As a result, regional airlines have purchased jets, which epitomize "modernity." However, they now complain that they cannot fill them to capacity.

Political & Social**Beijing Issues 'Emergency Order' To Prevent 'Uprising'***HK2405071594 Hong Kong HONGKONG STANDARD in English 24 May 94 p 1***[By staff reporters]**

[Text] Beijing has issued a pre-4 June emergency order to allow immediate arrests on any kind of suspicion. The authorities had ordered the strictest security seen in five years in the capital, sources said yesterday. China's leaders are on full alert against a possible uprising as the fifth anniversary of the 4 June, 1989, Tiananmen Square incident looms.

A special committee has been set up by the State Education Commission, the Beijing municipal party committee and district party committees to deal with any sudden developments, sources close to the Chinese authorities said.

There are strong signs of rising tension in the capital, with the People's Liberation Army (PLA) patrolling the streets and leaders nervous about a possible power struggle as paramount leader Deng Xiaoping's health declines. The sources said protest marches and demonstrations planned for the 4 June anniversary were being forced underground by the clampdown.

The authorities have banned large gatherings in Beijing during this sensitive period. A charity fund-raising campaign being organised by a group of Hong Kong businessmen to be held later this week has had to be cancelled because of the emergency order.

The authorities fear that another upheaval like the pro-democracy movement of 1989 could spark a power struggle, sources said. A source quoted a state leader's son as saying that Deng Xiaoping had become a "vegetable" because of serious illness.

There have been strong rumours about Mr Deng's declining health since he appeared on Chinese Central Television earlier this year looking dull. "State leaders are living in a very tense atmosphere and are alert to every small change," the source said.

Leaders fear, a power struggle when Mr Deng dies—a repetition of what had happened after the death of the party chairman Mao Zedong. Meanwhile, high inflation and a large trade deficit had put huge pressure on state leaders, he said.

"Many Chinese officials wish that Deng Xiaoping could appear in public again to stabilise public feeling." On previous anniversaries of the crackdown, only armed police have been on patrol, a resident said.

But now PLA troops have been seen patrolling day and night in Beijing, including at Chang An Street, the main street and the longest in the capital. Meanwhile, Beijing

has sent a circular to institutions, urging citizens to be cautious in the "serious" period between 6 May and 10 June. "Do not listen to the rumours of conspirators, do not gather around to watch in public areas, treasure the present good and stable atmosphere that the opening-up policy has brought," it said.

Beijing Steps Up Dissident Surveillance*HK2405061494 Hong Kong SOUTH CHINA MORNING POST in English 24 May 94 p 7***[By Willy Wo-Lap Lam]**

[Text] Beijing has stepped up surveillance over dissidents, including those who have left the city centres or gone into business. Friends of dissident intellectual Zhou Duo, who staged a hunger strike in Tiananmen Square the day before the massacre, claimed he had been subjected to harassment by security forces. This is in spite of the fact that last month, Mr Zhou, a sociologist, had left the capital to set up a business in Tianjin.

"Zhou is selling cosmetics and other consumer products with the help of a cousin," a friend said. "However, he is under constant surveillance by Tianjin police and his business prospects have been hurt."

In March, Mr Zhou, and two other intellectuals, wrote a private letter to National People's Congress Chairman Qiao Shi pleading for a faster pace of reform and labour rights. One of the other petitioners has also been put under 24-hour police surveillance in spite of his having forsworn protest actions in the run-up to the fifth anniversary of the massacre.

Meanwhile the associates of Beijing University law lecturer and labour activist Yuan Hongbing said they expected him to be charged and put on trial this year. With two other dissidents, Yuan was detained by police in early March for allegedly forming an underground labour organisation and for organising a petition demanding worker rights. The associates said his wife had been informed that Yuan had been "formally arrested" and that investigation into his case by state security agents would be completed at the end of June. Yuan's case would then be handed over to the procuratorate, which would determine when the judicial procedure would start.

"The authorities have told me nothing about the nature of his 'crime'," friends quoted Yuan's wife as saying. "They have not even told me where he is being held. I am not allowed to send him medicine and clothing." She added Yuan had stomach, skin and liver ailments, and she was frustrated by the news blackout.

Sources in Beijing University said its famous law faculty had been subjected to tight surveillance owing to the radicalism of several young scholars. Graduate student Wang Jiaqi, who was detained with Yuan, fled the country last month.

The sources said at least one other graduate student there had gone into hiding to escape detention. The student, who has not been seen since March, is believed to have returned to his native province.

Ministry Follows 'Handbook' in Responding to Press Reports

HK2405062094 Hong Kong SOUTH CHINA MORNING POST in English 24 May 94 p 1

[By Geoffrey Crothall in Beijing]

[Text] In denying a Western news agency's report that dissident Wei Jingsheng was about to be indicted on charges of treason, China's Public Security Ministry went by the book—literally.

The Public Security Internal Work Handbook, published last July, contains a whole section on how to deal with media reports "unfavourable to the public security departments" and the methods to be used in evading sensitive questions raised by reporters.

"When reports are not accurate or twist the truth the Public Security Bureau (PSB) shall not keep silent instead it shall take immediate action to tell the truth and demand the news organisation corrects its mistake," the handbook states. "If you express no views or make no protest, it means that you will have acquiesced in the report," it adds.

Last Friday, the ministry issued a strong denial of a United Press International report that a ministry spokesman had confirmed the authorities had decided to start legal proceedings against Wei, saying the report had been fabricated with ulterior motives.

In cases where a report is "accurate but leaves your unit in a bad situation because it only reports the mistakes of an individual PSB unit or officer", the handbook says, the unit should "modestly admit" the mistake and express willingness to correct it. "It will be a major error of judgment if you make no response or refuse to admit your mistakes or even threaten the news organisation," it says. However, the handbook warns that when PSB officers grant interviews to reporters they must "always keep in mind the need to protect secrets", something which would include the impending trial of Wei.

"In order to get what they think to be important information, reporters may ask one question after another or talk in a roundabout way so as to get to the bottom of something.

"Some may even try to establish a relationship with you or invite you to dinner. In such circumstance, you must be on your guard, make acute responses to questions, avoid making indiscreet remarks and never leak secrets for profit," it says. But no mention is made of what should be done in the event that secrets are accidentally or inadvertently leaked. The handbook does however,

contain useful tips for PSB officers on staging press conferences and avoiding those "harsh questions" journalists sometime ask.

Officers can use various tactics to "get out of trouble" at press conferences such as delaying evading, admitting, denying and returning the question, the handbook says, and even offers some stock phrases to be used in awkward situations. For example: "This is not a matter of yes or no" "that depends on your point of view", or "to understand this question, one must first understand the background".

The 800-page handbook covers everything from handling top secret documents to how to answer a telephone call from a superior officer.

XINHUA Replaces Item on Li Peng in Jiangsu

OW2305135194 Beijing XINHUA Domestic Service in Chinese 0911 GMT 23 May 94

[By reporters Yin Xuecheng (3009 1331 2052) and Zou Aigou (6760 1947 0948; Beijing XINHUA Domestic Service in Chinese at 1149 GMT on 23 May transmits a service message replacing the following item]

[Text] Nanjing, 23 May (XINHUA)—Premier of the State Council Li Peng conducted a six-day inspection of Jiangsu from 17 to 22 May. During the inspection, he pointed out that since the Opium War, the Chinese people have been struggling for over 150 years and they are now faced with an excellent opportunity for development. As long as we seize this opportunity, follow the direction given in Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, handle well the relationship between reform, development, and stability, forge unity, and strive forward, China has great hope for development.

Li Peng and his party, accompanied by Chen Huanyou, secretary of the Jiangsu provincial CPC committee and governor of Jiangsu, and travelling along the Grand Canal, inspected commodity grain production bases and state-owned large and medium-sized enterprises in Lianyungang, Huaiyin, Yangzhou, and Zhengjiang, and visited farmers' families and talked with local cadres and the masses.

The great land along the Changjiang and Huaihe in early summer is surging with vitality. Li Peng said he had been in Jiangsu several times and had witnessed Jiangsu's development and changes amid reform and opening up. Jiangsu's conscientious implementation of the principle and policies of the CPC Central Committee has brought about rapid economic development and marked improvement in the living standards of urban and rural citizens, and it has positively contributed to the state. He continued, saying that in the course of the economic development, it is not only necessary for localities to take their local interests into consideration, but also to subordinate themselves to the requirements of the state and

handle well the relationship between the state and localities. He expressed the hope that Jiangsu would make persistent efforts and score even greater development.

The main purpose of Li Peng's current tour is to inspect state-owned large and medium-sized enterprises and village and township enterprises in Jiangsu. Li Peng made detailed inquiries into the production and operations of the Lianyungang Port Affairs Bureau, Yangzhou Transport and Container Limited Company, Yangzhou Passenger Bus Manufacturing Plant, and Zhengjiang Jiangkui Enterprise Limited Company. He noted that operations at many state-owned large and medium-sized enterprises were good. He said they produce marketable products to compete both on the domestic and foreign markets. They possess advanced technologies. They exercise strict management. Their products are very competitive, and their economic efficiency is high. But we should also see to the fact that in the course of deepening the reform and of moving toward a market economy, some enterprises have met with varying degrees of difficulties, resulting in low economic efficiency. This has been caused by many factors. We should not only have full confidence in helping state-owned large and medium-sized enterprises operate well, but also attach importance to existing problems at state-owned large and medium-sized enterprises. He pointed out the need for the state-owned large and medium-sized enterprises to face up to market competition; always strive to make their products adapt to domestic and foreign markets' needs; stress marketing; actively develop markets; establish good mechanisms adapted to the socialist market economy; attach importance to technological progress; and enhance reserve forces for enterprise development and competitiveness. He said it is groundless for some to equate state-owned large and medium-sized enterprises with low efficiency enterprises. We have full confidence and we believe that we will surely help state-owned large and medium-sized enterprises operate well through our efforts.

Whether in Huaiyang, located in the hinterland of north Jiangsu, or in Yangzhou and Zhenjiang, on the two banks of Chang Jiang, Li Peng has shown great concern over the problems of agriculture, villages, and peasants. In Yanzhuang Village, Gaogou Town, Lianshui County, he held a forum with cadres at provincial, city, county, town, village levels and cadres from peasants' groups on the issues concerning ways to increase agricultural production, readjust agricultural structure, and improve the living standards of peasants. In Wuan Township, Gaoyou City, he checked the growth of summer grain in the field and visited peasant families. In Longshan Village, Dantu County, he inspected the Longshan United Eel Corporation to learn about the development of the situation. He stressed: Agriculture is a major matter of vital importance to the state's overall economic situation and social stability, and its development must receive attention. Under the circumstance of fairly low agricultural efficiency, in particular, the role of agriculture as the foundation of the national economy

must not be shaken. He hoped that Jiangsu would fully display its abilities in developing a diversified economy after stabilizing food production; increase per mu area yield and pay attention to efficiency at the same time after securing land for growing grain; and support the development of the collective economy and village and town enterprises in rural areas, as well as gradually develop optimum scale farming, after stabilizing and improving the household-based system of contracted responsibility with remuneration linked to output.

During his inspection, Li Peng came to Huaian—the hometown of Zhou Enlai, a great proletarian revolutionary. He paid a visit to the memorial hall and former residence of Zhou Enlai and viewed an exhibition of Zhou Enlai's feats. He said: We should emulate Comrade Zhou Enlai's lofty moral character—his absolute devotion to the cause of revolution and his deep love for the people.

After hearing the briefing of the Jiangsu provincial party committee and government, Li Peng emphatically noted: Price hikes have slowed down over the past two months, but stabilizing the market and commodity prices remain an important task of governments at various levels.

Discussing the gap between south and north Jiangsu, Li Peng said: Judging from the national standard, Jiangsu is economically developed; however, there is certain difference between the north and the south of the province when the two areas are compared with one another. South Jiangsu, which has become prosperous first, is responsible for helping the north develop economy, so that it will also become rich as soon as possible. North Jiangsu has its own superiority—in land, resources, and labor, for example—and its key tasks at present are to further solve the transportation problem and improve its technical and management levels, so as to gradually narrow the difference.

Also participating in the inspection tour were Chen Jinhua, He Chunlin, Liu Jiang, Huang Zhendong, Guo Lin, Jiang Yunbao, and responsible persons of relevant departments under the State Council.

Replacement Version

OW2305135594 Beijing XINHUA Domestic Service
in Chinese 1149 GMT 23 May 94

[By reporters Yin Xuecheng (3009 1331 2052) and Zou Aigou (6760 1947 0948)]

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national structure and economic benefits in the areas of development. He said it is groundless for some to equate state-owned large and medium-sized enterprises with low efficiency enterprises. We have full confidence and we believe that we will surely help state-owned large and medium-sized enterprises operate well through our efforts.

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Li Peng Inspects Jiangsu Province

*OW2305160294 Beijing XINHUA in English 1547
GMT 23 May 94*

[Text] Nanjing, May 23 (XINHUA)—China's Premier Li Peng made a six-day tour of east China's Jiangsu Province from May 17 to 22.

Accompanied by Chen Huanyou, secretary of Jiangsu Provincial Committee of the Communist Party of China (CPC) and governor of Jiangsu, Premier Li inspected some grain production centers and large and medium-sized state-owned enterprises in the cities of Lianyungang, Huaiyin, Yangzhou and Zhenjiang.

He also visited the homes of farmers and held discussions with local cadres and residents.

He said that he had personally seen the development and changes during the reform and opening-up drive in Jiangsu, and he praised the province for having conscientiously carried out the principles and policies of the central government, having achieved a rapid economic development, having remarkably improved the urban and rural people's living standards, and having made important contributions to the state.

During the process of economic development, he stressed, the localities should keep in mind the local interests on one hand, and serve the needs of the whole country on the other.

He said that many of the country's large and medium-sized enterprises were getting along well, for they have high-level technology and management and their products sell well in domestic and overseas markets. But, he added, there were also some enterprises with low economic efficiency and other problems caused by various factors.

"We should have full confidence that the large and medium-sized enterprises can be well-operated and also pay close attention to the existing problems in the large and medium-sized enterprises," Premier Li said.

He pointed out that agriculture was a big issue in the overall situation of the national economy and for social stability.

"It is necessary to pay more attention to the development of agriculture, and the position of agriculture as a

foundation can not be shaken, particularly at present when agricultural efficiency is still low," he stressed.

He expressed the hope that while stabilizing grain production, Jiangsu would further develop a diversified economy and promote the development of rural collective economy and rural industrial enterprises.

When listening to the reports of Jiangsu party and government leaders, Premier Li said that in the past two months, the rate of price increases had tended to drop. However, he added, to stabilize prices was still an important task of governments at all levels.

Accompanying Premier Li during the inspection tour were leading members of departments of the State Council.

Li Peng Inspects Shanghai's Pudong Development

*HK2405101994 Hong Kong WEN WEI PO in
Chinese 24 May 94 p A2*

["Dispatch" by correspondent Chang Ping (1728 5493): "Li Peng Stresses During Visit to Shanghai That Pudong Policy Remains Unchanged"]

[Text] Shanghai, 23 May—Chinese Premier Li Peng as he toured Shanghai today reiterated that the central policy toward Pudong remains unchanged. Informed sources revealed that Premier Li Peng and his wife arrived in Shanghai yesterday afternoon. Accompanying them to Shanghai are Chen Jinhua, State Planning Commission minister, and He Chunlin, State Council General Office deputy secretary general.

Premier Li Peng and his entourage toured and inspected the "Jinqiao Export Processing Zone" and "Waigaoqiao Bonded Area," two of the four small key development zones in the New Pudong District, in company with Shanghai party secretary Wu Bangguo and Mayor Huang Ju.

After listening to reports by leaders of the New Pudong District, Premier Li Peng and his entourage visited the bonded capital goods market showing keen interest.

The Shanghai Hitachi Electrical Appliance Company Limited, a Sino-Japanese joint venture which was visited by General Secretary Jiang Zemin earlier this month, welcomed Premier Li Peng and his entourage. It was extremely rare for both the highest party and government leaders to visit on two different occasions in the same month the same foreign-capital company. The Chinese and Japanese management staff of "Shanghai Hitachi" felt greatly honored.

This afternoon, Premier Li Peng listened to work reports by Shanghai party and government leaders and persons-in-charge of departments at the municipal party committee office building in Kangping Road. It has been learned that Li Peng will assist Shanghai in solving certain practical difficulties during his visit.

Hu Jintao Tours Henan Province 14-18 May
*OW2405090794 Beijing XINHUA Domestic Service
in Chinese 1100 GMT 18 May 94*

[By reporter Gu Yuezhong (7357 2588 1813)]

[Text] Zhengzhou, 18 May (XINHUA)—During a fact-finding tour of rural Henan, Hu Jintao, member of the Standing Committee of the CPC Central Committee Political Bureau and member of the CPC Central Committee Secretariat, said emphatically: We should carry out the overall task of the entire party in close conjunction with the central task of economic construction, and strengthen party building while, in practice, deepening reform, promoting development, and maintaining stability so as to ensure the completion of various reform and construction tasks.

After attending commemorative activities in Zhengzhou and Lankao on the 30th anniversary of Comrade Jiao Yulu's death, Hu Jintao, accompanied by Li Changchun, secretary of the Henan Provincial CPC Committee, inspected some villages in eastern and northern Henan from 14-18 May. He visited some village and town enterprises, as well as some peasant households, and was very pleased to witness rapid economic development, remarkable improvements in peasants' lives, and strong motivation among cadres and people there. In Kaifeng, Xinxiang, Jiaozuo, and Zhengzhou, Hu Jintao held informal discussions with responsible persons from city, county, township (town), and village party organizations, during which they studied ways to strengthen and improve party building, especially the construction of primary party organizations in rural areas. During his cordial conversations with grass-roots cadres and people, some peasants remarked that "we are quite satisfied with our lives now," upon which he said admonishingly: "While it is good to be satisfied, you should not be complacent. Do not neglect hard work, thrift, and arduous struggle after you have become better off. Although the economy has developed, you should keep breaking new ground and aim for an even higher level of development." Upon hearing peasants' complimentary remarks that "the party's policies and leadership are good," he said: "Given the party Central Committee's good policies and sound grass-roots bodies, coupled with concerted efforts by all to achieve a fairly comfortable standard of living, there is great hope for building a new socialist countryside."

During his informal discussions with local and grass-roots leading comrades, Hu Jintao pointed out: The situation across the country is now favorable as both the leadership and the rank and file of the entire party are accelerating the pace of building a socialist market economic structure in accordance with the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee. The situation in Henan is also favorable. A decade of practice, as well as some advanced typical experiences which we have come across over the past few days, fully attest to

the fact that Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics—including his thinking that it is imperative to uphold and improve the party's leadership, as well as to strengthen and improve party building, in carrying out socialist modernization—is entirely correct. During our current efforts to further consolidate and improve on the favorable situation, deepen reform, promote development, and maintain stability, we should also rely on the party's correct leadership, as well as on the efforts by party organizations at all levels and the broad ranks of CPC members to unify and rally people so that the party's correct policy decisions will be translated into conscientious popular actions. The party holds the key to maintaining its basic line for 100 years without wavering; it also holds the key to deepening reform, promoting development, and maintaining stability in accordance with the demands of the basic line. Success in party building will provide a fundamental guarantee for success in the cause of building socialism with Chinese characteristics.

Hu Jintao noted: Building up the party in strict accordance with its basic line is a fundamental experience in this respect during the new period. To apply this experience, we should now strengthen all facets of party building, improve the standards of governance and leadership, and heighten the rallying power, appeal, and fighting skills of party organizations at all levels, while closely linking these efforts with the way we deepen reform, promote development, and maintain stability in practice. In building up the party, we should take overall interests into account, submit to and serve overall interests, improve party building by maintaining and promoting overall interests, and consolidate and expand overall interests by strengthening party building.

On strengthening and improving primary party organizations in rural areas, Hu Jintao said: Primary party organizations in rural areas should rally and lead peasants and people toward a fairly comfortable standard of living, vigorously develop the rural economy, enrich the collective sector of the economy, encourage hard work as a way to prosper, follow the path of common prosperity, develop the "two civilizations," and build a new socialist countryside, taking these efforts as their own fundamental tasks. The key to accomplishing these tasks lies in building up the leadership bodies and in selecting qualified leaders. With good leaders, we can unify a group of people who, in turn, can spur on all villagers; we can also constantly open up new avenues, and bring rapid changes to the less developed villages. We should show concern for and cherish village cadres, inspire their initiative, and support and protect hard-working comrades. Particular efforts should be made to step up the training of township and village cadres in accordance with local conditions, so as to improve their quality in an all-around manner. In light of the realities in rural areas, we should institute an incentive-based mechanism by which qualified personnel of remarkable caliber at the grass-roots level will show their talent and perform

meritorious services. We should take effective measures to ensure a steady source of village cadres to replenish the existing pool. We should devote major efforts to cultivating active elements and recruiting party members from among outstanding youths at the forefront of production in rural areas, so as to expand the unduly small ranks of young party members in the countryside. In keeping with the new situation brought on by changes in rural development, we should make timely and reasonable adjustments to the way we establish primary party organizations, actively explore an effective means to establish various village-level organizations as part of a complete network with party branches as the core, and promote the experience of "setting up organizations in accordance with the law, administering villages on the basis of established organizations, and exercising democratic management," so as to gradually institutionalize and standardize the work of various village-level organizations.

In closing, Hu Jintao said emphatically: We should earnestly strengthen and improve our leadership over primary organizations in rural areas. Both the party Central Committee and party committees at the provincial, prefectural, and county levels should devote themselves to building up primary organizations in rural areas. County (city) party committees should all the more carry out this task unrelentingly and effectively.

Accompanying Hu Jintao during his inspection tour were Zeng Qinghong, director of the CPC Central Committee's General Office, and Zheng Keyang, deputy director of the CPC Central Committee's Central Policy Research Office.

Articles Laud Success of Penal System

Part 3

HK2305113294 Beijing ZHONGGUO XINWEN
SHE in Chinese 1126 GMT 22 May 94

[Third in series of reports entitled "Sights and Sounds of Chinese Prisons" by staff reporter Tao Guangxiong (7118 0342 7160): "Foreigners Serving Sentences in Shanghai Prison"]

[Text] Shanghai, 22 May (ZHONGGUO XINWEN SHE)—"I have traveled to many countries during my life and I am interested in local conditions and customs. An idea about Beijing opera face makeup crossed my mind and I began to create innovative Chinese Beijing opera makeups. I love 'beauty creation.'" These were the feelings of British prisoner Rockland Campbell which he wrote about when participating in the 11th Beauty Creation Exhibition at Shanghai City Prison. The "Beijing opera facial makeup" he created featuring a high nose and blue eyes won second prize for its special characteristics.

Campbell could have received more art inspiration from the rich Chinese culture but he has to stay behind bars in China because of drug trafficking offences. Also serving

prison terms with him in the Shanghai City Prison are British, American, German, Pakistani, and Burmese prisoners, 10 in all. They were punished by Chinese law either for drug trafficking or dealing in counterfeit money.

With the agreement of the prisoners, the prison authorities allowed this reporter to interview these "adventurers." Outside their cells, some were reading books, others were studying Chinese, and yet others were playing the electronic piano. They enjoy more freedom than Chinese prisoners. They do not have to wear a uniform, their hair styles are not restricted, they do not have to take part in physical labor, and they can go out [chu qi 0427 0637] at any time, if they want to.

Another British prisoner is Robert Davis. He told this reporter in bad Chinese that he was getting on very well there and that he was accustomed to the food and drink in prison. In the past he did not understand Chinese and he only began studying Chinese after he was sent to prison. There are written Chinese language materials as well as video and audio equipment. The instructor is very good and is ready to solve any problem. He bought a guitar and has taught himself to play.

The prison authorities said that the needs of foreign prisoners were basically met. For example, Mark Bebb is a vegetarian. The prison provides him with food made of beans or eggs, butter, and fruit. The prison respects his religious beliefs but does not allow him to affect the religious activities of others. All foreign prisoners are required to study prison rules and discipline and Chinese law.

Robert Davis said that he did not understand Chinese law in the past but now he understands. This reporter asked him if he knew that the prison had been built by the British. He said: "I know but I do not thank them."

Rockland Campbell said Chinese prisons are not like foreign prisons, which are full of violence. He asked this reporter to tell his parents that he was getting on very well and hoped they would rest assured.

Foreign prisoners in China can meet with officials from their embassies in China once a month. The prison authorities said that so far they had not received any protest or complaint from foreign embassies or consulates about the lives of foreign prisoners in the prison. Robert Davis' parents came to see him in September 1992 to celebrate his birthday. The prison prepared a big cake for him. Davis' mother said: I have eaten many cakes but this one is the best.

The Shanghai City Prison provides the foreign prisoners with a copy of CHINA DAILY, a television set, and some foreign language books and magazines. These foreign prisoners have formed their own world in the prison but when there are sports competitions, they play tug-of-war with Chinese prisoners and form a "Chinese-foreign combined football team" against the prison's "officers' football team." Foreign prisoners who have

performed well in serving their prison terms may have their terms shortened. A Pakistani prisoner named Harrid had his prison term reduced and consideration is also being given to reducing Mark Bebbo's sentence.

In the past, Shanghai City Prison has detained and transformed more than 350 foreign or stateless prisoners from some 30 countries. One of those in charge of the prison said that the prison reflects the dignity of Chinese law to foreign prisoners; on the other hand, it also gives expression to humanitarianism. China opens its gate to the world, not to crime.

Part 4

HK2305113794 Beijing ZHONGGUO XINWEN
SHE in Chinese 0329 GMT 23 May 94

[Fourth in series of reports entitled "Sights and Sounds of Chinese Prisons" by staff reporter Tao Guangxiong (7118 0342 7160): "Female and Juvenile Prisoners"]

[Text] Beijing 23 May (ZHONGGUO XINWEN SHE)—On the platform a female inmate was reciting a poem entitled "A Lost Dream," pleading with her mother to forgive her past behavior. In the audience, tears ran down the faces of all the female inmates in their gray prison uniforms; were they repenting their pasts? Or were they expressing a shameful feeling toward their kin?

This was the scene during an art performance for the female inmates in Shandong's Weibei Prison, whose ages ranged from 18 to 65. They were put here to accept transformation for crimes of theft, murder, embezzlement, and sex offenses.

"The way of the world is made dangerous by human desires, which make quite a few people go awry and ruin their lives." The female inmates are categorized into those desiring material goods, those desiring sex, and violent types. Most of them have committed crimes because of the stimulation of such factors as marriage, family, and love, and could only come to their senses when they were put into prison. However, they are then liable to sink into degradation. In transforming female inmates, it is precisely necessary to awaken their consciences, which have not been lost in their entirety, while guiding them to bear maternal and social responsibilities.

Liu Xiulian, who is 32 years old, was given a life sentence for murder because she was disappointed in a love affair 10 years previously. When she was first put into prison, she was in utter despair. With the persuasion of a prison warder, she taught herself the skill of tailoring and became a garment designer in prison. Because of her outstanding performance, she was granted a commutation of her sentence to 16 years imprisonment. Later, she was again granted a commutation of her punishment and released. However, she was determined to train a few apprentices before leaving as an appreciation for the education by the prison authorities.

In her briefings, female ward deputy instructor Wei Huiying of Weibei Prison said that most female inmates are narrow-minded with very strong inferiority complexes and suicidal by inclination. The administration and education call for well-organized meticulousness to help substitute their negative, world-weary outlook on life characterized by "belittling themselves, lacking in self-respect, being self-piteous, and being self-destructive" with "self-respect, making efforts in self improvement, conducting oneself with dignity and independence." Over the past 10 years, there have been over 30 attempted suicides but none of them have been successful.

Female sex offenses mostly result from a deviation in moral concepts and outlook on life and are regarded as the most difficult category for transformation. There is a "kingdom of women" inside Shanghai Municipal Prison in which "the worst women in Shanghai are imprisoned" as Shanghai residents put it. The prison authorities put them in different cells based on different categories to avoid overlapping effects; at the same time, they invite experts to give a series of lectures on sexual ethics, sexual sociology, and sexually transmitted diseases. They then conduct treatment using drugs and psychological techniques on those who are abnormal both physiologically and psychologically with remarkable results. The rate of recidivism among those released after serving the full term of their sentences has been extremely low.

Compared with female inmates, juvenile delinquency has more profound social causes. The bulk of the more than 800 juveniles being held in Shandong Prison for Juvenile Delinquents are from the rural areas, especially the suburban areas, and 70 percent of them are school dropouts. The situation is pretty much the same in the Shanghai Reform Center for Juvenile Delinquents. Such an unsound social atmosphere as the "theory that study is useless," and money-worship has spoiled the innocence and nature of rural teenagers. The major criminal offenses committed by juvenile delinquents are theft and sex offenses.

Regarding juvenile delinquents, "it is imperative to treat them as parents would when nursing their own children with infectious diseases, as doctors treat their patients, and as teachers treat their students when they make some mistakes." This is China's persistent policy for correcting juvenile delinquents. Each day in prisons or reform centers, juvenile delinquents take part for half the day in labor to learn some skills, such as repairing electric appliances, gardening, sewing, and cooking; the rest of the day is devoted to cultural studies, to make up for the lessons they should have learned at school.

Fine arts, such as music and painting, have become effective means in correcting juvenile delinquents in China. This reporter watched a rehearsal by the "Yuxin Performing Art Troupe" at Shandong Provincial Prison for Juvenile Delinquents and a performance of "Hui-chun Performing Art Troupe" at Shanghai Reform Center for Juvenile Delinquents. When one sees their

concentration on music, one has to believe that the best of human culture has purified the soul that was once soiled. Wang Wenting, who has already served four years of her sentence for theft told this reporter that whenever she feels restless, she finds peace once again when she takes up her musical instrument.

Inside the iron gate of Shanghai Reform Center for Juvenile Delinquent stands a three-dimensional work of art, entitled: "Return." The Center named its cultural and technical school, art performance troupe, and paper "Hui Chun [return to spring]." All work involving education, persuasion, and salvation here is just for spring to return to those tender but distorted minds and help the lost lambs return to spring.

Property Rights Efforts Gain 'Worldwide' Attention

OW2005153594 Beijing XINHUA in English 1455 GMT 20 May 94

[Text] Beijing, May 20 (XINHUA)—China's courts and administrative authorities at various levels have pledged continued efforts to enforce the law to the letter and bring to justice violators of the intellectual property rights.

The achievements in the protection of legitimate rights and interests of the intellectual property right owners in China has attracted worldwide attention.

Statistics showed that from 1986 to the end of 1993, China's courts have handled a total of 3,505 preliminary intellectual property cases. Among them, 1,783 relate to patent matters, 1,168 cases were filed for copyright infringements and 554 cases were lodged for trademark infringement.

Liu Jiyang, chief secretary of the China Intellectual Property Society, said that as China's legal authorities stick to "fair and just" principles, China has moved closer to the international standards in the enforcement of intellectual property legislation.

Before July 1993 there was no special division in courts for handling intellectual property cases. Cases concerning intellectual property were tried by the economic division and the civil division respectively.

Since Beijing was the city in which the number of intellectual property disputes was the highest in the country, the Beijing Higher People's Court and the Intermediate People's Court set up their intellectual property divisions at the same time in July 1993, which was the first such division set up in Chinese courts.

Since the beginning of this year, the higher people's court and some of the intermediate people's courts in Shanghai Municipality, Guangdong Province, Fujian Province and Hainan Province have all set up intellectual property divisions.

Su Chi, presiding judge of the intellectual property division of the Beijing Intermediate People's Court, said that the cases accepted by the division covered all kinds of intellectual property cases. They include cases involving disputes over patents, trade marks, copyright (including the copyright in computer software), non-patented technology and various cases concerning the violation of the principle that honesty and credibility shall be observed and infringement of others' trade reputation and trade secrets.

Since the establishment of the division, it has accepted 217 intellectual property cases, among which 21 were relating to foreign countries and Hong Kong, Macao and Taiwan. The total sum claimed in all these cases amounted to 156 million renminbi yuan.

Su Chi said that the intellectual property cases were all tried by collegiate panels in the division.

In cases of a complicated technical nature, such as cases involving patents and computer software disputes, expert assessors are invited to join the panel, Su said.

"However, in most cases, the panel consists of judges only," Su added.

When technical problems are involved in a case, explanation or evaluation made by at least two experts should be heard in court.

As Su Chi put it, all the intellectual property cases were heard in public.

He said that the division not only announces the time of court sessions in accordance with the procedures provided by the law, but also distribute ahead of schedule the time list of the court sessions to the public every month.

According to statistics, more than 3,000 people sat in court within more than half a year.

Su Chi pointed out that among the various intellectual property cases accepted by the division, infringement cases made up 80 percent of the total.

He said that the principle in dealing with infringement disputes was that once the infringing act is proved by evidence, the court should order the infringer to stop the infringing act and to compensate for all the damage that the rights-holder suffered because of the infringement according to the claim of the rights-holder and the provisions of the law.

The amount of the damages should be such as to properly compensate for the losses of the rights-holder and to stop any further infringement.

Su gave the example of the case in which the Beijing Vie de France Food Co. sued the Beijing Sunshine City Department Store.

He pointed out that it was the first case in China's intellectual property trials that the reasonable expenses

for the investigation of the infringing act and of the litigation is deemed to be part of the economic loss and is borne by the infringer, as ordered in the judgment.

Su explained that the reason was that the "full compensation" principle of the Chinese civil law should be fully implemented so that the damage sustained by the infringed party can be fully compensated for and they can have less worries about the economic expense when they launch a legal struggle against the infringer.

Besides, Su added, the judgment also took into consideration the principles provided by the Uruguay Round Intellectual Property Agreement.

In the past 14 years, China has established a complete legal system for the protection of intellectual property rights.

The Standing Committee of the National People's Congress enacted the laws governing trademark, patent, copyright and anti-unfair competition subsequently.

In 1992 and 1993, the Standing Committee of the National People's Congress adopted the revised Patent Law and Trademark Law, extending the protection of the Patent Law to such objects as chemical substances, pharmaceuticals, food, beverages and flavorings.

The patent rights became applicable to importation while process patents now became applicable to products. Furthermore, trademark protection has been extended to service marks and harsher penalties for trademark infringement acts have been imposed.

China has also been participating actively in the international cooperation in this field, fulfilling the international obligations and joining international organizations.

Dr. Arpad Bogsch, secretary-general of the World Intellectual Property Organization, highly praised China, saying: "In the history of intellectual property, China has made these achievements at a speed second to none."

Environmental Label Attestation Committee Founded

OW2405081994 Beijing XINHUA Domestic Service
in Chinese 0910 GMT 17 May 94

[By reporter Zhu Youdi (2612 1635 2769)]

[Text] Beijing, 17 May (XINHUA)—The China Committee for Authenticating Environmentally Labeled Products was founded in Beijing today, signalling a period of substantial development in our country's "green industry." The committee's establishment will facilitate the improvement of the quality and reputation of environmentally labeled products, the development of domestic and foreign markets for such products, and the promotion of coordinated environmental and economic development.

Environmental labels, also known as ecological or green labels, are a kind of corroborative trademark which indicates that the products in question meet specific demands for environmental protection during the entire process, from the development and exploitation of raw and semifinished materials to production, utilization, and recovery or scrapping; that they pose no harm to the ecology or cause little pollution; and that they facilitate the regeneration and recovery of relevant resources. At present, more than 20 countries or regions in the world have adopted these labels or are drawing up plans for adopting them.

A leading environmental problem currently facing China is the serious wastage of resources and outmoded production technology. In light of its own national conditions and drawing on the experiences of foreign countries, China will first provide environmental label authentication services for environmentally harmful products which can be rendered significantly less noxious. Chief among them are products with low levels of toxicity and harm, energy- and water-saving products, products with low emissions, and recoverable, low-noise, and biodegradable products. Our country has prescribed and unveiled its first set of technological requirements for six environmentally labeled products. They apply to household refrigerators with low levels of chlorofluorocarbon [CFC], CFC-free aerosols (hair sprays and mousse), water-based paints, unleaded gasoline, recycled toilet paper, and silk products.

The China Committee for Authenticating Environmentally Labeled Products, which was established by the State Environmental Protection Bureau with the authorization of the State Technology Supervision Bureau, is the only third-party authentication agency which verifies various environmentally labeled products on behalf of the state. The committee, which is composed of specialists from environmental protection departments, economic management departments, scientific research institutes and academies, quality inspection departments, and relevant mass organizations, is headed by Xie Zhenhua, director of the State Environmental Protection Bureau.

The design of the Chinese environmental label consists of green hills, blue water, the sun, and 10 rings, signifying that "all people have joined forces to protect the environment on which mankind depends for survival."

Antidrug Operations Stepped Up Nationwide

HK2205054494 Beijing RENMIN RIBAO in
Chinese 26 Apr 94 p 3

[By correspondent Xiao Hang (4562 5300): "Public Security Steps Up Operations Against Drug Trafficking"]

[Text] Stepped-up antidrug operations by public security organs across the country since early this year have resulted in solving more than 2,000 drug cases—almost

double the number in the same period last year—and the seizure of more than 2,000 kg of drugs.

Guided by identified drug-trafficking patterns, public security organs in southwest border provinces and regions, and those along the southeast coast—such as Yunnan, Guangxi, Fujian, and Guangdong—stepped up reconnaissance, and border and coastal interceptions, thereby solving cases, boosting the number of cases solved in the first quarter and achieving a greater rate of crime-busting than the same period last year. Yunnan solved 900 drug cases in the first quarter, seizing more than 700 kg of heroin; and solved a major drug case involving over 10 kg of heroin on each of six days from late March to early April.

Guangxi and Guangdong public security organs solved more than 400 drug cases and arrested a number of drug traffickers from outside the borders in the first quarter. Aimed at stopping criminals from taking advantage of the increasing social intercourse between the two shores of the strait to traffic drugs, Fujian public security organs increased efforts at cracking these cases, solving 22 drug-trafficking cases in the first quarter, seizing close to 40 kg of drugs, and arresting 57 suspects, some of them of Taiwan origin.

In their struggle against drugs, public security organs made a point of mobilizing and relying on the masses to launch a people's war against drugs. On 22 February, a peasant in Lijiang County, Yunnan Province, picked up a bundle of sugar cane on a road and found in it 51 g of heroin wrapped in a plastic bag. He reported this immediately to the public security organ, which investigated and followed the lead, thereby solving a major drug case.

The Ministry of Public Security recently issued notices commending public security organs for the brilliant results they have scored in the battle against drugs.

Commentator's Article Views 'Well-Being of the Masses'

HK2005115394 Beijing RENMIN RIBAO in Chinese 19 May 94 p 1

[Commentator's article: "Show Constant Concern for the Well-Being of the Masses"]

[Text] Leading comrades of the central authorities are very much concerned about the well-being of the masses. Not long ago, they urged various localities and departments to conscientiously help a considerable number of people settle their problems in living.

Showing concern for the well-being of the masses is our party's fine tradition, and an important embodiment of our party's mass standpoint and mass line. Whether in the revolutionary war period or in the socialist construction period, our party has always considered the work of being concerned about the well-being of the masses as an important task. Reform is the cause of hundreds of millions of people. It is difficult to succeed in reform without the broad masses' wholehearted

support and active participation, and the well-being of the masses is an important factor determining their enthusiasm for participating in reform. One of the main reasons our reform and opening up is supported by vast numbers of cadres and the broad masses is that the last decade or so was the period in which the people's living standard improved most rapidly and the masses gained the most benefit. In order to accomplish the reform work this year, to smoothly promote the establishment of socialist market economic system, and to realize the magnificent goals of struggle, we must be concerned about the well-being of the masses and take practical measures to solve some of the difficulties and problems encountered by the masses in their lives.

With the profound development of reform and opening up, the incomes of the broad masses are always on the rise and their living is improving constantly. According to the State Statistical Bureau, in the first quarter of this year, the monthly per capita living expenses and income of urban dwellers increased by 35.5 percent compared with the same period last year, whereas the per capita cash earnings of people in the countryside increased by 31.1 percent. After allowing for price increases, real growth rates were 9.3 percent and 13.1 percent respectively. This indicates that reform and development embodies the broad masses' fundamental interests, and that our party and government are truly concerned about the well-being of the masses. Under the new situation of deepening reform and promoting development, and at a time when the people's living standard is constantly improving, some new conflicts and problems also have arisen. For example, owing to the combined effect of various factors, workers and staff of some enterprises that are in the red and have completely or partially suspended production, peasants in poverty-stricken areas, and some retired workers and staff have encountered some problems in their living. These are transient problems under the excellent situation, problems that have arisen in the process of development. The party Central Committee and the State Council attach great importance to these problems and already have taken a series of important measures, such as bringing down commodity prices and paying close attention to the "Shopping Basket" project. We firmly believe that under our party's leadership, we definitely can solve these transient difficulties and problems in an appropriate manner through deepening reform and developing our economy.

What should be affirmed is that most of our leading cadres take heed of and listen to the voice of the masses, are sympathetic to the hardships of the masses, and are making every effort to solve problems closely related to the interests of the masses, thus vigorously bringing into play the initiative of the masses so that every undertaking develops steadily. However, a small number of comrades are not so concerned about the hardships of the masses and cannot promptly take resolute measures against arbitrary price increases,

disturbances of social order, and all those matters infringing on the interests of the masses. Some cadres think only of "their own achievements," and do not hesitate to take funds earmarked for the improvement of people's living and channel them into development projects, but they seldom bother about whether or not workers and staff can receive their pay on time, whether or not communications are convenient, to what extent do vegetable prices rise, whether or not peasants are overburdened, whether or not new phenomena of issuing IOUs exist, and how to reduce circulation links and increase peasants' earnings. Some other cadres even take advantage of their positions and abuse their power for personal gain, spending public funds for private enjoyment and overseas travel. All these infringe on the interests of the masses, and so cannot be allowed. To show our concern for the well-being of the masses, we definitely must improve the style of leadership in a conscientious manner, and must seriously deal with persons and practices in violation of the law and discipline in accordance with party discipline and the laws of our country.

We must make strenuous efforts to concern ourselves with the well-being of the masses. First, we must make in-depth studies and investigations, and must have a good grasp of the "Shopping Basket" and the "Rice Bag" projects and other issues closely related to the well-being of the masses. Second, we must do things in order of urgency, in light of the situation and our ability, and try our best to solve the people's problems. Money must be spent on some problems, so we must coordinate our financial resources to solve them. However, not much money is needed for some other problems, so we are required to carry forward the spirit of arduous struggle, rely on correct policy decisions, and arouse and rely on the enthusiasm of vast numbers of cadres and of the broad masses to solve those problems. For those problems which we are, for the time being, unable to handle, we still must patiently give clear explanations to the masses and must draw up feasible plans for solving them so as to gain the forgiveness of the masses. In brief, our leading cadres should be in a spirit of "caring for even the nonessentials" and should rack their brains to concern ourselves with and improve the well-being of the masses. This is our fellow Communists' basic task, which must never be forgotten.

Caring about the well-being of the masses is precisely to care about reform; caring about the well-being of the masses is precisely to care about development; and caring about the well-being of the masses is precisely to care about stability. If we concern ourselves with and conscientiously work for the interests of the masses, the broad masses certainly will take part in reform, promote development, and safeguard stability with extremely great enthusiasm, initiative, and innovation.

'Special Article' Views Current Film Production Policy

HK2305095894 Hong Kong ZHONGGUO
TONGXUN SHE in Chinese 1243 GMT
20 May 94

["Special article" by reporter Shao Ling (6730 7227):
"Have the Mainland Authorities Tightened Control
Over Chinese-Foreign Joint Film Production?"]

[Text] It has been widely rumored lately in Hong Kong that the mainland authorities are planning to "tighten control over filmmaking" and reduce Chinese-foreign joint productions, which has led to much discussion in show business circles. On a public occasion the other day, when asked by the press to confirm the rumor, Cui Songming [1508 7313 2494], deputy chief of the culture and sports department of the Hong Kong Branch of the XINHUA NEWS AGENCY, said: The mainland has not at any stage implemented a restrictive policy on filmmaking, but has merely reiterated the original rules that Hong Kong and Taiwan filmmakers must abide by the mainland's code of practice if they are to make films on the mainland and refrain from cheating the censor by submitting scripts that are different from those that are really to be used; and that all films must pass the censors of the Film Industry Administration [FIA] before being shown publicly or entered in international film festivals. But Cui Songming also admitted that the mainland should work out explicit regulations for film and television circles to go by, so as to avoid confusion.

It has been learned that the rumor about the mainland authorities "tightening control on filmmaking" first came from a report in Beijing's ZHONGGUO WENHUA BAO [CHINA CULTURE POST]. The paper quoted an official source as saying that, because some Hong Kong and Taiwan film companies had not honored the mainland's rules while making films on the mainland and caused many problems last year, the control on joint production will be tightened this year, including reducing the number of films produced in conjunction with overseas film companies and banning the establishment of joint-venture institutions and independent film production companies run by Chinese. According to the paper, the mainland authorities set the quantity of films to be produced nationwide this year at 150, of which the number of jointly produced ones will be kept under 30 (54 for last year), and the productions must pass censorship by the FIA before public showing.

Afterward, a number of newspapers and journals in Hong Kong published the "FIA Provisional Regulations on Strengthening the Joint Production of Films," which the mainland had not officially promulgated. They revealed the following information: The ceiling on jointly produced films set by the mainland authorities for this year is 30, with large, medium, and small film studios nationwide receiving quotas of three, two, or one. The FIA is demanding that each studio follow the principle of "mainly relying on ourselves" and that all

projects of Chinese-foreign cooperation must be carried out by the procedure of "application," "listing," and "examination and approval" and must be subjected to the control of the Ministry of Radio, Film, and Television [MORFT]. The film authorities should establish a strict and tight contract management system. The shooting and last-phase production of a jointly produced film must be consistent with the approved script. Last-phase production must be conducted on the territory of China. The authority of final judgment on Chinese-foreign jointly produced films lies with the MORFT. Films that have not passed censorship may not be shown in the territory or be entered in any film festival or exhibition. In the production team of each Chinese-foreign jointly produced film, leading members from the mainland side must make up a certain percentage, below which the film shall be considered a foreign production with Chinese assistance (i.e., a film mainly produced by an overseas studio, assisted by a mainland studio).

Around this time, FIA Director Teng Jinxian made this remark: "Our principle has not changed. Films may take various artistic forms, but they must emphasize the theme." The "theme" refers to "patriotism, heroism, and collectivism."

The mainland authorities have always emphasized the ideological and didactic value of films, so it is not strange that they have specified the above-mentioned requirements. The recent ban on "Beijing Bastard [bei jing za zhong 0554 0079 7177 4429]," "Blue Kite," "Soul of Painting [hua hun 3973 7609]," and "Farewell to My Concubine" and the ban on "Judou" and "Raise the Red Lantern" of two years ago probably were imposed because the authorities thought these films did not meet those requirements.

However, for various reasons, the box office returns for mainland films has been steadily deteriorating in recent years, which has spurred the interest of film studios in joining hands with film companies outside China, with a view to improving their performance at the box office. In 1982, China had only two Chinese-foreign jointly produced films. The number rose to six in 1986 and then jumped ahead by a large margin to over 30 in 1992. In 1993, the number of jointly produced films reached 54. Joint production has become very popular because studios have no financial risks. They have a saying: "We spend no money during production; we make money after production—even if we do not make money, at least we do not lose money."

However, because the production process and guiding ideology of Hong Kong films are very different from mainland films, many problems have emerged. For example, the mainland attaches great importance to the script, and a director must strictly follow the censored script, while Hong Kong directors and producers do not pay much attention to the script and often revise it as they move on in the process of shooting, changing the content of the completed production beyond recognition. Another example is that nudity and sex scenes may

not appear in a mainland film, but Hong Kong films often use them as a "commercial factor" to improve box office returns. Hence, there are two versions of each film, a chaste one which is handed in to the mainland censors and another with additional sequences which will be shown in Hong Kong and overseas. "Li Lianying the Eunuch" and "Temptation of a Monk" belong in this category. Another film, "Dragon Out of the Sea [jiao long chu hai 5754 7893 0427 3189]," even contained additional anti-communist lines when shown abroad. This is where the criticism of "not abiding by the mainland regulations" came from.

"To Live," a Chinese-foreign jointly produced film which has recently become a topic of discussion, was also entered in the Cannes Film Festival without being censored by the mainland authorities, thus causing dispute between the two sides.

Malaria Eradicated in Some Areas of Central, East China

*OW2305022194 Beijing XINHUA in English 0139
GMT 23 May 94*

[Text] Hefei, May 23 (XINHUA)—Five provinces in central and east China have made gratifying headway in controlling and treating malaria, the fever conveyed by mosquitoes, through 20-year efforts.

According to a recent meeting in Chuzhou city, Anhui Province, the incidence of malaria in Jiangsu, Shandong, Henan, Anhui and Hubei provinces has dropped greatly, and 93 percent of the people in malaria-prevalent areas are basically free from the threat of the disease.

Malaria, a symbol of poverty, was rampant in those five provinces. For centuries it affected the health of millions of people.

According to surveys, the number of malaria cases reached 21.98 million in 473 counties and cities in these five provinces in 1970, and 21.74 million in 1971, accounting for at least 90 percent of China's total of malaria cases.

Anhui was worst-hit by the disease and had 11.52 million cases in 1970.

Its Fuyang and Suxian prefectures had an incidence as high as 50 percent in those days.

As many people were ill, some factories had to close down and crops were left in the fields unharvested due to shortage of labor forces.

With approval of the State Council in 1974, Jiangsu, Henan, Shandong, Hubei and Anhui provinces began to cooperate in controlling and treating malaria.

While positively treating malaria cases, these areas have strengthened studies for the prevention and treatment of

the disease and sent professors, experts and scientific workers to the grass-root units to tackle key technical problems.

They have also trained 400,000 specialists in malaria treatment and control.

As a result, the incidence of the disease in the five provinces reduced to 1.078 million in 1984 and 10,395 last year. Now, their incidence rate accounts for 17.75 percent of the country's total.

A survey shows that 316 counties, accounting for more than 70 percent of the total number of the cases for the five provinces, have reached the government-set standard of being basically free from malaria.

As early as 1988, east China's Shandong Province took the lead in the country in eliminating this scourge.

Last year saw only 24 counties and cities have an incidence rate of one per ten thousand, compared with 473 counties and cities in 1973.

To control the disease, Jiangsu, Henan and Anhui provinces have enhanced the treatment and study of malaria and eliminated the sources of mosquitoes.

As a result, no malignant malaria case has been reported in Jiangsu and Henan provinces for six years and in Anhui Province for three years.

The experience in making joint efforts to control and treat the disease has been highly commended by the World Health Organization (WHO), which organized China, Thailand, Myanmar [Burma], Vietnam and Laos to jointly treat and prevent the disease in the border areas last year.

National Day for Supporting Disabled Celebrated

SK2105024094 Beijing XINHUA Domestic Service
in Chinese 1448 GMT 15 May 94

[Text] Beijing, 15 May (XINHUA)—The fourth national day for supporting the disabled, with the theme of travelling together with us to present love to the sixth Far East and South Pacific region games for the disabled, was celebrated throughout the country on 15 May. On the afternoon of 15 May, Chen Xitong, Wen Jiabao, Deng Pufang, Wu Shaozu, and Li Keqiang attended the meeting to report on the Far East and south Pacific region games for the disabled and also watched the exhibition match by the basketball teams of wheelchair-taking athletes in training under the Chinese disabled athlete delegation.

The sixth Far East and South Pacific region games will be held in Beijing from 4 to 10 September this year. At the report meeting, Deng Pufang, chairman of the organizing committee of this games, and Wan Siquan, secretary general of the committee, introduced the preparatory work for the games.

According to the situation of entering the names for the games, more than 2,000 disabled athletes and officers from more than 40 countries and regions will attend the grand sports games.

The Chinese disabled athletes delegation is composed of nearly 600 athletes and officers. Over 500 athletes are being trained in various provinces and municipalities.

Deng Pufang pointed out in his report: Organizing the sixth Far East and South Pacific region games well is of great significance to upgrading our country's international prestige, displaying our country's achievements in reform and opening up, promoting the construction of spiritual civilization, carrying forward humanitarianism, enhancing the awareness of supporting the disabled, and promoting the development of the undertakings for the disabled in China. He hoped that increasingly more people in the country would be concerned with and support the games and urge that the Chinese disabled athlete delegation accept the arduous training and strive to make outstanding achievements.

He Luli, deputy mayor of Beijing Municipality, introduced the Beijing Municipal government's arrangement for doing 10 concrete deeds for the disabled in 1994.

The Beijing and Tianjin basketball teams of wheelchair-taking athletes that are in training for the sixth Far East and South Pacific region games played the exhibition match. Yuan Weimin, vice minister of the State Physical Culture and Sports Commission, pleasantly tossed the first jump ball. Together with over 2,000 youngsters in the capital, leaders of the Central Propaganda Department, the Ministry of Civil Administration, the state education commission, and Tianjin Municipality watched the match.

Enterprises Support 'Hope Project'

OW2105154894 Beijing XINHUA in English 1335
GMT 21 May 94

[Text] Beijing, May 21 (XINHUA)—The China World Trade Center, a widely-known Sino-foreign joint venture in China, presented 380,000 yuan (about 43,700 U.S. dollars) to the "Hope Project" here today.

The donation will be used to build a primary school in Qidong county of central China's Hunan Province and help Hunan's 600 school drop-outs to return to school.

The Hope Project, sponsored by the China Youth Development Foundation (CYDF) in 1989, is aimed to help school drop-outs in China's poverty-stricken areas to return to school.

It has received more than 200 million yuan in donations from home and abroad during the past five years and helped over 540,000 drop-outs to get back in the classroom. In addition, it has helped to set up more than 200 "hope primary schools" all over the country.

According to an official from the CYDF, this year many domestic industrial and commercial enterprises have contributed money to the hope project. A number of hotels and some enterprises from service trades in Beijing have organized donations.

"This shows the industrial and commercial enterprises' concern for the school drop-outs and the development of the country's primary education," said the official.

However, donations from domestic industrial and commercial enterprises are still less than two percent of the total donations the hope project has received, said the official. He called for more support to be given to the project by domestic enterprises.

Commentator Views Education in Patriotism

HK2405061794 Beijing RENMIN RIBAO in Chinese 22 May 94 p 1

[Commentator's article: "Education in Patriotism Must Start From Childhood"]

[Text] In Chinese history, patriotism has always been a great banner to mobilize and inspire the people to unite and strive as well as a common spiritual pillar among people of all nationalities. The on-the-spot meeting on education in patriotism in primary and secondary schools in Shanghai jointly convoked by the Central Propaganda Department, the State Education Commission, the Ministry of Radio, Film and Television, the Ministry of Culture, and the Communist Youth League Central Committee will give a powerful thrust to and be a powerful promotion of unfolding education in patriotism in primary and secondary schools in depth and breadth in a persistent manner.

Education in patriotism is basic engineering for improving the quality of the entire nation. The focus of this basic engineering is the broad masses of teenagers. The population of primary and secondary pupils on campus approaches 175 million across China; they are a generation that straddles the 20th and 21st centuries, and will be the main force in building socialist modernization in China in the 21st century. The histories of various countries teach us that only when the younger generation has a good knowledge of the history of its own country and nation, and shapes such knowledge into a strong patriotic awareness, while converting its will to render service to the country into conscious actions to serve the motherland, will it be possible for it to become a generation that can accomplish a lot. When we grasp firmly the education in patriotism among primary and secondary school pupils, the entire society will be affected, and the main theme of patriotism will be sharper and more conspicuous, while the building of socialist spiritual civilization will mount a new level. In a nutshell, putting education in patriotism in primary and secondary schools in an important place on the agenda, while earnestly implementing it, is a mission history has bestowed on us.

Our party and government leaders attach great importance to the education in patriotism among primary and secondary school pupils. Party and government leaders, including Jiang Zemin, have repeatedly stressed that it is imperative to make the concepts of patriotism, collectivism, and socialism the "theme of the entire society." Party and government leading departments at all levels have created many good methods, which are vivid and lively, of conducting education in patriotism among the broad masses of teenagers, and accumulated many fresh experiences. A very successful example is precisely the use of fine films and television movies to unfold education in patriotism in primary and secondary schools across China. This activity has aroused a warm response from the whole society, with very good effects.

However, we must also see that the gap between our work and the requirements of the times, as well as the rich contents of patriotism, is still great. For instance, a small number of departments and units do no more than pay lip service, writing documents on conducting education in patriotism among teenagers, rather than taking practical measures; some of them lack understanding of teenagers' actual conditions, and fail to study the characteristics of education in patriotism during the new period; the education lacks essence, and is also pointless. In other departments and units, the forms of education are monotonous and rigid, always being the same thing and with no differences in level. Much work and joint action in various social aspects are called for to grasp and take care of the matter with common efforts to further conduct education in patriotism in depth and breadth in a persistent way.

China is a country with a long history and a brilliant culture, and one that is advancing toward modernization with full vitality. To conduct education in patriotism among primary and secondary pupils, it is precisely necessary to bring forth the fine traditions of patriotism, and help this generation of teenagers to understand the outstanding contributions our ancestors made to the civilization of mankind and the tremendous and profound changes in all aspects in China since reform and opening up, thus augmenting their pride in the nation. From history to reality, there are extremely rich potential resources for conducting education in patriotism in various arenas of social life. Better effects will be achieved if we link the fine traditions of the Chinese nation to the reality of reform and opening up.

Patriotism reflects people's rational understanding of the relations between the individual and the motherland; at the same time, it contains people's lofty feelings for the motherland. It is a kind of consciousness and spirit embodied in conscious actions as well as every single specific matter. To augment education in patriotism, it is precisely necessary to grasp the art of education. It is necessary to work hard at such links as seeing the truth, knowing the situation, stirring up passion, and cultivation to stimulate the broad masses of teenagers' devotion to "having knowledge of, cherishing and building the Chinese nation." It is necessary to adopt various

methods and ways as well as diversified propaganda vehicles, and to be familiar with the forms the masses love to hear and see, while infiltrating all aspects of teenagers' study, labor, life, and amusement with the education in patriotism. The school is an important place in which to conduct education in patriotism among teenagers. That being the case, the education in patriotism must run through the whole course of teaching and education from kindergarten through college, with institutions set and mechanisms formed. It is imperative to give full play to the roles of the forms teenagers love to hear and see, such as films and television, drama, books and magazines, music, drawing, and calligraphy, so that patriotism may strike root among teenagers. In addition, it is necessary to be good at giving play to the educational role of various kinds of museums, memorial halls, historical remains and ruins, as well as famous mountains and rivers.

Education in patriotism is systems engineering, as well as a long-term strategic task. It is necessary to persist in it and to continuously blaze new trails so that it may be unfolded in greater depth and breadth. Let us hold aloft the banner of patriotism, and strive for the magnificent cause of building socialism with Chinese characteristics.

Journalists Attend Propaganda Conference

OW2205072894 Beijing XINHUA Domestic Service
in Chinese 1157 GMT 17 May 94

[Text] Beijing, 17 May (XINHUA)—The Information Bureau of the CPC Central Committee's Propaganda Department sponsored a national forum of periodicals for professional journalists at NANFANG RIBAO in Guangzhou 8-10 May. The purpose of the forum was to study ways to improve the management of journals in conjunction with the implementation of the national propaganda and ideological work conference guidelines, to bring into full play the press' role in correct guidance of public opinion, and to prompt the media to more effectively carry out the task of "guiding the people with correct public opinion."

The forum was attended by officials from RENMIN RIBAO'S XINWEN ZHANXIAN [JOURNALISTIC FRONT], XINHUA NEWS AGENCY'S ZHONGGUO JIZHE [CHINESE JOURNALISTS], and the Central Television Station's JIANSI YANJIU [TELEVISION STUDY]; as well as from 15 central and local journalistic periodicals and research institutes in Shanghai, Zhejiang, Guangdong, Hubei, Sichuan, Shaanxi, Liaoning, and Heilongjiang. Xu Xinhua, director of the Information Bureau, chaired and spoke at the forum.

Along with the rapid development of the journalistic undertaking since reform and opening up, the number of journalistic periodicals in publication has increased to more than 30, forming an important component of the journalistic undertaking. They have played a significant role and achieved fruitful results in promoting theoretical research of journalism, pressing for journalistic

reform, and enhancing journalists' political and professional qualities. In the light of the realities of management, the forum's participants analyzed in depth the current condition of journalistic periodicals, exchanged experiences in managing the journals under new circumstances, and further clarified the orientation in management. They believed that along with the progress in reform, opening up, and the socialist modernization drive, it is necessary for the journals to bring into full play their role in correct guidance by studying journalistic theories, summarizing journalist work experiences, identifying practical problems, and enhancing the overall quality of journalists.

The forum participants deemed the strengthening of guidance with ideology and theory as the core issue of the role of journals in correctly guiding public opinion. How should the media guide people with correct public opinion in the great cause of building socialism with Chinese characteristics? How should the media cope with the requirements for developing a socialist market economy in the course of establishing such a structure? How should the media keep abreast of the demand for building socialist spiritual civilization? To find the answers to these questions, journalistic periodicals should persist in taking Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as the guide and adhere to the party's basic line in actively guiding journalists to study new circumstances, to summarize new experiences, and to solve new problems. They should uphold the principle of party spirit and the party's basic principles in going all out to conduct the study of journalistic theories, promoting journalistic reform, and improving the quality of press publicity. They should enhance their sense of responsibility and awareness of the overall interests, of reform and opening up, and of investigations and study to ensure good reviewing and guidance work through press publicity. Efforts should be made to publish journals having more theoretical, salient, relevant, and creative features.

The forum participants deemed the enhancement of the overall quality of journalists as one of the journals' major tasks. Efforts should be made to improve journalists' ethical standards; and to encourage them to mingle with the masses, to go deep into reality, to work hard, honestly, and with self-discipline, and to conscientiously resist "compensated journalism" and other unhealthy practices. It is necessary to encourage the journalistic circles to turn out outstanding works and train talented personnel for producing special columns, reporters, editors, and commentators well known among readers. It is also necessary to bring into play the journals' functions as the "mobile schools of journalism" in helping journalists improve their political and professional qualities and update their knowledge and concepts.

The forum participants urged journalistic periodicals to adhere to their publication objective, and work hard to publish journals with distinctive features. While improving operations and management, they should

persist in putting social benefits first, and strive to win support from journalists and to combine social with economic benefits. Leaders of the relevant departments and journalistic units should regard improved management of journals as an important measure for strengthening theoretical study of journalism and for improving journalists' quality, and should attach importance to and support journals' work.

The forum participants also reached a common understanding on increasing contacts and coordination to pool the efforts of all.

Muslim Students Celebrate Corban Festival

OW2105171394 Beijing XINHUA in English 1257 GMT 21 May 94

[Text] Beijing, May 21 (XINHUA)—The Muslim students of the Central University of Nationalities received a free treat of roast mutton from the university—a traditional way to celebrate their Corban Festival.

The State Commission for Minority Nationalities' Affairs held a get-together today for Beijing Muslims, at which minorities' songs and dances were performed by the Central Nationalities Song and Dance Ensemble and students from the Central University of Nationalities.

The Muslim workers had one day off for the festival today.

The Corban Festival is a grand occasion observed by Muslims of ten nationalities in China which have a combined population of more than ten million. There are more than 200,000 of them in Beijing alone.

The ten nationalities are the Hui, Uygur, Kazak, Tajik, Kirgiz, Uzbek, Dongxiang, Salar, Tatar and Bonan.

Economic & Agricultural

Zou Jiahua Delivers Speech on Production Safety

OW2105235194 Beijing Central Television Program One Network in Mandarin 1100 GMT 14 May 94

[Zou Jiahua's televised speech on safe production; from the "National News Hookup" program]

[Text] A safe production week campaign will be launched across the country 16-22 May this year. Vice Premier Zou Jiahua delivered a television speech on the campaign.

[Begin Zou Jiahua recording] During the safe production week campaign, the people's governments and the departments concerned at all levels should firmly seize the opportunity. Leading cadres at various levels should set an example in treating it as an important task. The safe production week campaign should be unfolded truly in an organized, well-guided, and down-to-earth way. It

is necessary to stress actual results and prevent formalism. It is necessary to use the news and propaganda media and adopt lively and effective measures to give a concentrated publicity to the principles and policies of the party and the government concerning the safety in production.

People should be commended for good deeds in safe production. Anyone who neglects safety in production should be exposed. The wrongdoing of acting recklessly and violating the operating rules should be resolutely stopped. We should guide and supervise enterprises so that they pay great attention to safety at all times.

We should mobilize all quarters of society so that they attach importance to safety in production and be concerned about it. In this way, we will create a good social climate in which everyone is concerned about safety and ensures safety in everything.

All enterprises should regard production safety as very urgent work and do it well. They should take up the responsibility for safe production. In light of the reality of their own trade, they should mobilize the masses to check loopholes and adopt measures to eliminate hidden danger, solve conspicuous problems concerning production safety, and ensure safe production.

Ensuring production safety is very important work and of benefit to both the country and the people. It is also a protracted, complex, and arduous task. We must constantly stress it, pay attention to it everyday, and do it daily. We should do all we can to perform our duties on our jobs and take the initiative in making even greater contributions to safety in production and to the long-term peace and stability in our country. Thank you! [end recording]

Zou Jiahua on Improving Posts, Telecommunications

OW2205121794 Beijing XINHUA Domestic Service in Chinese 0735 GMT 17 May 94

[By reporter Chu Baoping (2806 0202 1627)]

[Text] Beijing, 17 May (XINHUA)—Vice Premier Zou Jiahua recently pointed out at the closing ceremony of the national conference of directors of posts and telecommunications bureaus: The postal and telecommunications services should seize the present opportunity to improve service and accelerate the development of telecommunications, while adhering to the 16-character principle of overall planning, regional and inter-departmental cooperation, designation of responsibility at various levels, and joint construction.

Zou Jiahua said: The development of transport and telecommunications will directly promote commodity circulation and the development of socialist market economy in our country. The present international environment is favorable to us, we ourselves have the necessary conditions for development, and there is an

increasing demand for communications service in the society. So, it is a very good time for us to develop the postal and telecommunications services. With the concerted efforts made by the workers and cadres, the postal and telecommunications department last year invested 40 billion yuan in fixed assets, increased the capacity of telephone exchanges by 12.86 million lines, and put into operation eight optical cables. The achievements were tremendous and exceptional in the history of the world's telecommunications.

On the 16-character principle, he explained: Overall planning means that the Ministry of Posts and Telecommunications should change its past practice, pay more attention to macroeconomic management of the nation's telecommunications, and shift its emphasis from microeconomic management to macroeconomic management of the telecommunications business in the country. The Ministry of Posts and Telecommunications should seriously formulate a strategic principle, a long-range development plan, and an annual development plan for the development of China's telecommunications. On regional and interdepartmental cooperation, he pointed out: It is necessary to foster the idea of joint efforts and cooperation; pool the scientific research forces and the production forces of all departments, provinces, and cities; and prevent duplicated construction projects. We should build well a nationwide public telecommunications network. At the same time, we should also make the special-purpose telecommunications network play its role. We should bring into full play the initiative of both the localities and various departments.

He added: In order to accelerate the development of the postal and telecommunications services, we should rely on scientific and technological progresses. In the last few years, the postal and telecommunications services have taken a greater stride in using new technology. We have adopted many advanced telecommunications techniques of the world, such as program-controlled exchange, optical fiber communications, satellite communications, and mobile communications. The postal and telecommunications department should cooperate with other departments and pool resources in research and development.

He pointed out: While developing itself, the postal and telecommunications department should improve service and turn the users' demand into a motive force for it to improve its work. Instead of treating telecommunications service as a power in our hands, we should establish the notion of serving the people and serving the national economy.

Li Tieying Discusses Economic Restructuring
*OW2205143094 Beijing XINHUA Domestic Service
in Chinese 0924 GMT 17 May 94*

[By RENMIN RIBAO reporter Zhang Shulin (1728 2579 2651) and XINHUA reporter Xu Jinpeng (1776 6855 7720)]

[Text] Haikou, 17 May (XINHUA)—At the Haikou annual meeting of the China Economic Restructuring Research Society which opened today, Li Tieying, member of the CPC Central Committee Political Bureau, state councilor, and minister in charge of the State Commission for Economic Restructuring, stressed: China's economic reform has entered the stage in which a completely new system should be built. Only by arming our minds with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and by studying the theory in depth can we adhere to the correct course of reform, opening up, and modernization; can we speed up the process of building a new system; and can we take advantage of the current opportunity to enable the economy to develop in a sustained, rapid, and healthy manner.

Li Tieying said: Since the 14th CPC National Congress, especially since the Third Plenary Session of the 14th CPC Central Committee made the decision on some problems concerning building a socialist market economic system, reform of China's economic system, figuratively speaking, has shifted from dismantling the old house to building a new mansion. The thoroughgoing changes in the entire process of reform have been demonstrated in all major spheres of reform—microeconomic reform has begun to shift from readjusting the policy of reducing enterprises' tax payment and allowing them to retain a bigger share of profits to building a complete new system; price reform has begun to shift from decontrolling commodity prices to letting prices of production factors be decided by the market; building of the market system has begun to shift from developing markets of key commodities to developing selective markets of production factors; macroeconomic regulation and control has begun to shift from mainly relying on administrative means to mainly relying on economic, legal, and necessary administrative means, and has entered an in-depth reform stage of straightening out the basic economic relationships (including relationships between the state and enterprises and between the central and local authorities). Judging from both the scope and depth of reform, this year's reform measures are unprecedented. Currently, the State Council and all localities are endeavoring to transform state-owned enterprises' operating mechanisms and to experiment with building a modern enterprise system. Implementation of the macroeconomic measures for reforming the financial, taxation, foreign exchange systems has been smooth in general—this shows that China has made an important step toward building a socialist market economic system.

Li Tieying pointed out: There are a number of problems pending for solution in the economic life and reform of the economic system. Basically speaking, these problems are related to the failure to shift fundamentally the operating mechanisms of enterprises; to the lack of intensity to reform the system of property rights and to set up a new enterprise system; and to the slow progress in changing government functions in economic management and in establishing a social security system. He

said: In a sense, the difficult and crucial spots in economic development are essentially the focal points of reform. To seize the opportunity for development means to seize the opportunity to reform. Reform aims to solve various structural defects impeding economic growth and, therefore, to liberate and expand productivity. Herein lies the profound significance of Comrade Deng Xiaoping's remark that "we should undertake reforms as the second Chinese revolution."

Li Tieying said: The experiences of reform and opening up over the past 15 years, to put in a nutshell, are: under the guidance of Comrade Deng Xiaoping's theory, we have charted a course of building socialism with Chinese characteristics. In the past 15 years, while establishing a new socialist market economic structure, we have also set up a new theoretical system, which is Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. Deng Xiaoping's concept of economic affairs is a major component of his theory of building socialism with Chinese characteristics. Comrade Deng Xiaoping's theses on economic development, economic reform, and stability being the prerequisite for development and reform are the theoretical foundations and action guidelines in promoting reform and the modernization drive; it is a farsighted summation of the practical experiences in continually deepening reforms. Comrades in the economic restructuring front are duty bound to arm their minds with Comrade Deng Xiaoping's concept of economic affairs and to use it to guide practical work of reform as this is an important guarantee for smoothly promoting reform. The greatness of Deng Xiaoping's concept of economic affairs lies in its practicality. We must strive to translate this scientific concept into practical work. This is the fundamental objective of studying and Comrade Deng Xiaoping's concept of economic affairs.

In the light of realities in the current economic reform and economic development, Li Tieying put forth five tasks: Straightening out the relationship of state-owned enterprises' property rights and pushing for the establishment of a modern enterprise in a down-to-earth manner; cultivating the market system and developing intermediate organizations of market in keeping with the needs of economic development; effectively overcoming major ups and downs in economic development and achieving a sustained, rapid, and healthy development of the national economy; stabilizing grain and cotton production, harnessing farmers' enthusiasm, and properly resettling surplus rural laborers; and correctly handling the relationship between reform, development, and stability under the new situation. He urged comrades in the economic restructuring front to heighten their spirits, emancipate their minds, and guided by Comrade Deng Xiaoping's concept of economic affairs, go deep into realities to conduct investigations, obtain firsthand information, work out measures, and make fresh contributions to the establishment of the new system.

Finance Minister Views New Tax System

HK2105043694 Beijing LIAOWANG in Chinese
No 16, 18 Apr 94 pp 8-9

[Report on interview with Finance Minister Liu Zhongli by staff reporter Dong Ruisheng (5516 3843 3932); date, place not given: "Finance Minister Liu Zhongli Speaks on Several Hot Points in Implementation of the New Tax System"—first paragraph is editor's note]

[Text] The new tax system has been operating for three months. What is the effect? What new conflicts have we met with in the process? Have such aspects as production, circulation, financial revenues, and commodity prices been adversely affected? This reporter invited Finance Minister Liu Zhongli to learn his views on these hot issues about which people are concerned.

The Tax Reform Has Not Brought About Drastic Fluctuations or Huge Increases in Commodity Prices

Commodity price increases were widespread last winter and this spring, and the masses had strong grievances against this situation. Many people suspected that it had something to do with the introduction of the new tax system. So what is the truth?

Liu Zhongli explained: We set great store by mass opinion, and have been tracking and looking into their views ever since the introduction of the new tax system. Now I can say for certain that the tax reform has not brought about drastic fluctuations or huge increases in commodity prices. Last year, prior to the tax reform, every tonne of rolled steel was priced over 4,000 yuan, but since the introduction of the new tax system this year, the price of rolled steel not only has not risen, but has dropped a bit, showing that the law of supply and demand is functioning. Some people said that the levy of consumption tax led to increased prices for refrigerators, color television sets, and other household electrical appliances, but this too is groundless. At present, the scope of the consumption tax levy does not cover household electrical appliances. The key targets of the levy can be divided into five major categories: 1) Special consumer goods—such as cigarettes, liquor, and firecrackers and fireworks—excessive consumption of which will jeopardize people's health, the social order, and the ecological environment; 2) Luxuries and non-daily necessities, such as gold, jewelry, jade, and cosmetics; 3) High energy-consumption and high-grade consumer goods, such as automobiles and motorcycles; 4) Petroleum-related goods that cannot be regenerated, such as gasoline and diesel fuel; and 5) Consumer goods with certain financial significance, such as car tires and products for skin and hair protection. Compared with the former tax system, there is basically no change in taxable consumer goods' overall level of tax burden, even if the consumption tax is levied on these products, and most of the tax items are basically at the original level of burden. The levy of the consumption tax will not affect the level of commodity prices.

People objected to increased vegetable prices, with some saying they were caused by the tax reform, but Liu Zhongli considered such remarks as not conforming to the reality. He said: At present, vegetables are still levied at the original retail tax rate. The main reasons accounting for price rises in vegetables are: 1) Vegetable plots in the suburbs of many cities have been transformed into real estate and economic development zones, and new vegetable plots must be developed in the outer suburbs, thus incurring greater cost; 2) Some wholesalers and retailers running vegetable businesses have seized the opportunity of the introduction of the reform to raise prices, fix prices in excess of those authorized, and ask exorbitant prices, thus disturbing normal pricing order in the market and driving up the level of commodity prices; and 3) Vegetable prices also depend on whether it is off or peak season, and on the law of value.

Comrade Liu Zhongli said: To understand the level of commodity prices, we must uphold the standpoint of seeking truth from facts and of the market economy. To solve this problem, the basic method is to handle things according to law and to increase effective supplies to the market. The State Council meeting on the "Shopping Basket" project will have a positive meaning in stabilizing non-staple food prices.

After citing numerous facts, Liu Zhongli pointed out with emphasis: The root cause of increases in the general level of commodity prices is excessive investment and granting of loans, excessive currency issuance, and the exceedingly rapid growth of consumption funds. In the final analysis, price increases are caused by the double pushing of the forces of demand—for consumption and for investment. The party Central Committee and the State Council attach great importance to this problem, and have already decided, on the one hand, to carry out massive inspections of commodity prices and the scale of investment for capital construction and to strengthen and improve macroscopic regulation; and on the other, to carry out the "Shopping Basket" project and increase effective supplies to society by vigorously developing agriculture. We are going to solve the problem and stabilize commodity prices by taking the measures in these two respects. The tax reform is correct and cannot be doubted, and we should continue to progress on this basis.

The Tax Reform Has Not Adversely Affected Production, Circulation, and Financial Revenues

Liu Zhongli said: The new tax system has operated for three months, and the overall situation is normal. We have basically achieved steady transition without causing any great problems. All walks of life in society and most enterprises have responded calmly to the introduction of the new tax system and the changes in tax burdens. The introduction of the new tax system has not increased the tax burden of foreign businessmen investing in China, thus dispelling their doubts. Industrial production is still developing rapidly. According to

statistics compiled by the State Statistical Bureau, from January to February, industrial enterprises at and above the county level throughout the country completed 541.9 billion yuan worth of output value, up 18.16 percent over the same period last year. As far as financial revenues are concerned, a trend of huge growth is still shown. By the end of February, the national domestic financial revenues (excluding debts) increased 32.1 percent over the same period last year, including 41.405 billion yuan of industrial and commercial tax revenues, which registered an increase of 32.3 percent over the same period last year. As for the general value-added tax [VAT], as a shared tax, a total of 21.503 billion yuan was turned over to treasuries from January to February, and 71.1 percent and 28.9 percent of the sum was turned to the central and local treasuries, respectively, which was basically close to the requirements of the tax-sharing system. As proved by practice over the past three months, the tax reform package is a proper one, and the positive results achieved by the reform have strengthened our confidence and determination in scoring a sure victory in the tax reform.

Compared With the Former Tax System, the New VAT Merely Makes Changes in the Method of Tax Calculation, But It Does Not Increase the Overall Tax Burden of Commodities

The VAT, in essence, is a levy on the amount of added value. So what is the most fundamental difference between the post-reform VAT and that in the former tax system?

Liu Zhongli said: Our country started levying the VAT on an experimental basis in 1979, and there was no unified standard of tax burden; the scope of the levy was not wide; the product tax levied on the links of industrial production and coexisted with and overlapped the VAT; the business tax was levied on commodity circulation link, whereas the unified industrial and commercial tax was levied on enterprises linked to foreign investment; and there was no unified taxation policy. Moreover, restricted by the scope of the levy, it was difficult to implement a tax deduction system in which invoices clearly indicating the amount of tax payment are produced. Consequently, even though taxes were reduced or remitted in a certain link, taxes still were deducted in the following link, thus making it impossible for the VAT to bring its intrinsic mechanism of control into play.

Liu Zhongli said that the implementation of the new VAT embodied the characteristics of being standardized, close-knit, and convenient: First, the scope of the levy is widened, that is, the links of production, import, wholesaling and retailing businesses, and processing all are included in the scope of the VAT levy. Second, the scope of taxpayers is widened, that is, all units and individuals selling goods and offering labor services for processing and repairs inside the PRC and importing goods into the territory are included. Third, tax rates are combined and simplified, that is, the tax structure has only two grades of tax rates; the basic tax rate is 17 percent, while the low

tax rate is 13 percent. In addition, a zero tax rate is levied on exports, whereas a six percent tax rate is levied on small taxpayers who do not have sound accounting and auditing practices. Fourth, a VAT deduction system is implemented in which invoices are produced that clearly indicate the amount of tax payment.

At present, some people regard the 17 percent of extra-price tax [jia wai shui 0116 1120 4451] as a tax levied on top of the selling price. Liu Zhongli said that this practice was certainly incorrect. The so-called in-price tax [jia nei shui 0116 0355 4451] refers to the fact that prior to the reform, the amount of VAT was included in selling prices, and the tax rates were calculated according to the tax-inclusive prices; whereas the so-called extra-price tax refers to the fact that the rates of post-reform VAT are calculated according to the prices that do not include VAT, and the prices and the amount of VAT are separately stated. However, when commodities are sold in the retailing link, the tax amount is still included in the prices, rather than separately stated. Compared with the former tax system, the new VAT merely makes changes in the method of tax calculation, but it does not increase the overall tax burden of commodities. Hence, the selling prices of commodities should not be raised.

Using special invoices to implement the VAT can close the loophole of loss of state taxes. However, for small taxpayers who do not have sound accounting and auditing practices, the marketing of their products will be affected, to a certain extent, because they are not included in this taxation category, which will be unfavorable to the production, operation, and development of small enterprises. So, how can we solve this problem?

Liu Zhongli said: This problem really exists and we have taken note of it. To affect the production and operation of these enterprises, we have already taken a number of measures. However, the fundamental way is still to help these small enterprises take the path of sound accounting and auditing so as to promote and strengthen the VAT administration.

Implementation of the land VAT helps standardize the order of real estate transactions, rationally regulate value-added land gains, and keep land and apartment speculation in check. It is a good thing. However, some foreign businessmen have strongly objected to it, so is it unfavorable to foreign investment in our country's real estate industry?

Liu Zhongli pointed out: Since 1987, our country has been reforming the system of land use and has allowed profit-making transfers of land use rights. Over the past two years, the real estate industry has developed very rapidly and the real estate market has begun to take shape. At the same time, however, some problems also have arisen. For example, land allotment crazes arose in some localities, and some units and individuals took the opportunity to speculate on plots of land and unbuilt apartments so that the state incurred great losses in land assets gains, whereas certain units and individuals

reaped staggering profits, thus affecting the normal operation of the state's overall macroscopic regulation. To reverse this situation, we began to levy the land VAT, the purpose of which is to encourage normal real estate development and management, curb real estate speculation, and standardize the order of real estate transactions. The State Council already has promulgated regulations, stipulating that the land VAT must be levied, the unified tax system must be enforced throughout the country, and no locality is allowed to work out its own policy. Some reasonable suggestions will be considered when drawing up the detailed rules and regulations for implementation.

There is no tax reduction or exemption in the VAT, but for those enterprises and professions which really have run into difficulties and are supported by the state—such as welfare enterprises set up by the disabled and the coal industry—how can their tax burden be settled and lightened?

Li Zhongli said: Even the VAT rate of these enterprises and professions cannot be altered because the following links will have to bear a heavier tax burden if theirs are lightened. So what should we do? We can take the method of levying the tax first, before returning the proceeds to them. In addition, we can adjust our financial policy to support the development of these enterprises and professions.

Overall, the Tax Reform Will Not Increase Enterprises' Tax Burden

After reforming enterprise income tax and levying the new VAT, some enterprises complained that they had to bear a heavier tax burden, so what actually has been achieved by the three months' practice?

As far as the turnover tax reform is concerned, enterprises are most affected by the VAT reform. Since VAT is an extra-price levy and the system of tax deduction by producing invoices is implemented, such taxes paid by enterprises are the remaining sum of the taxable amount of goods sold minus the taxable amount of goods bought, and is transferred to buyers through sales. Hence, the VAT will not increase enterprises' tax burden.

Liu Zhongli said: The three months' practice of the new tax reform also proves that the tax burden of most enterprises is the same as before, or even slightly less than previously, and that only a minority of enterprises are affected by the reform, and the effect is next to nothing. Such being the case, why have some people said that they shoulder a heavier tax burden?

Liu Zhongli said: One of the situations is that in the past several years, the task of tax levies was not strictly fulfilled, and various localities reduced or exempted many taxes, so when we started levying the new VAT at every level and closed all the loopholes, some people perhaps felt that their tax burden was heavier than before. Another situation is due to a broader tax base. For example, suppose the tax rate is three percent and

the pre-reform annual turnover was 1 million yuan, then 30,000 yuan of tax should be paid, but when the post-reform annual turnover reaches 1.3 million yuan, then 36,000 yuan of tax should be paid. Such a case cannot be considered an increase in the tax rate and the tax burden, but is due to a broader tax base brought about by a larger turnover.

In addition, the reform of enterprise income tax has unified income taxes paid by all types of enterprises, which are all subject to a 33 percent proportional tax rate. Moreover, the regulatory tax for state-owned enterprises has been abolished, and such enterprises are exempt from paying "two funds" ["liang jin" 0357 6855 refers to construction fees and budget adjustment funds for key energy and communication projects]. For enterprises having a low profit level, a two-grade proportional tax rate, that is, 27 percent and 18 percent, has been set. In this way, most enterprises have a lighter income tax burden than before.

Vice Minister Comments Enterprises' Fund Shortages

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in Chinese 0842 GMT 19 May 94

[By reporter Chen Yun (7115 5366)]

[Text] Beijing, 19 May (XINHUA)—Under the State Council's arrangements, the State Economic and Trade Commission, the People's Bank of China, the Industrial and Commercial Bank of China, and other relevant departments have conducted a study on solving the problem of circulating fund shortages resulting from defaults of goods payments and came up with a decision to launch a clearance exercise among major industries and trades in the northeast to gain experience needed for a nationwide campaign.

Speaking at a work meeting on straightening out the problem of circulating fund shortages among major industries and trades in the northeastern region here today, Yang Changji, vice minister in charge of the State Economic and Trade Commission, said: Leading comrades in both the party's Central Committee and the State Council have been constantly attaching importance to reform and development of state-owned enterprises. For years, although conditions of state-owned enterprises have improved following the introduction of various state policies and measures, certain problems remained. Currently, due to the problems of circulating fund shortages, sluggish products sales, and overstocks experienced by some state-owned industrial enterprises, defaults of goods payments among enterprises have become relatively serious.

Yang Changji said: The causes leading to the current mutual indebtedness among enterprises have both similarities to and differences from those of the past. The similarities involve investments in fixed assets, fund shortages, behind-schedule funding, and unsuccessful local fund-raising, while one difference is that more and

more funds have been diverted to enterprises in producing finished products this year. Wanton price revision by some enterprises and overall rises in production costs are new causes.

He said: The general principle for solving the problem of mutual indebtedness among enterprises should be strengthening macroeconomic regulation and control, deepening reform, and taking measures aimed at effecting a permanent solution to the problem, under which enterprises themselves will be playing a leading role in seeing that no new debts will be incurred while exercising stricter control over fixed asset investment, restricting production, reducing stocks, and promoting sales. In the meantime, we need prompt actions that may bring quick results, including using the smallest possible amount of credit loans to improve cash flow, solving the problem of circulating fund shortages among major industries and trades, and guaranteeing the normal production of state-owned enterprises as well as social stability.

It has been learned that major industries selected for solving the problems of circulating fund shortages are coal, metallurgy, nonferrous metals, electric power, chemical engineering, and forestry. Since March, the State Economic and Trade Commission, the People's Bank of China, the Industrial and Commercial Bank of China, and the Coal Industry Ministry have managed to help the metallurgical, electric power, and chemical engineering industries settle goods payments due to 20 provinces and municipalities and 75 major coal mines. The estimated clearance of over 4 billion yuan will help alleviate the coal industry's fund shortage problem to a certain degree. Currently, thorough investigations into the problem of circulating funds shortages in the five industries of metallurgy, electric power, nonferrous metals, chemical engineering, and forestry in the northeastern region have completed.

Yang Changji emphasized: In settling the goods payments of enterprises among each other, we should lend support to enterprises whose products are in demand and marketable and refrain from injecting funds into enterprises with slow product sales and overstocks. In the meantime, strict checks should be conducted to ensure that no circulating funds will go to fixed assets, that all loss-making activities caused by fixed assets investment will be stopped from top to bottom, and that funds designated for settling debts will not be diverted to engineering works and equipment under both infrastructure construction and technical transformation programs. We should intensify efforts to prevent new debts and, in particular, enforce strict settlements when dealing with some enterprises which simply refuse to pay without reason. Practices of unreasonably holding or returning bills or refusing to pay without grounds should be rectified conscientiously.

Addressing the meeting, Zhang Xiao, president of the Industrial and Commercial Bank of China, disclosed: In

a bid to ease the conditions of enterprises' fund shortages, banks have enlarged their margins for loans involving circulating funds since the second quarter. Recently, the State Council also adopted a policy of handling loans involving circulating funds on a case-to-case basis. With all these measures, the problem of circulating fund shortages among enterprises should be alleviated. She also pointed out: In solving the problems of circulating fund shortages and mutual indebtedness of goods payments among enterprises, the only way out is to exercise stricter control over investment in fixed assets and excessive rises in consumption funds and the enforcement of the policy of "restricting production, reducing stocks, and promoting sales" against unmarketable products—and not to rely on relaxation of the money market.

Column Contrasts Deng, Chen Economic Views
HK2205015094 Hong Kong HSIN PAO in Chinese
20 May 94 p 30

["Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429) written on 18 May 1994 in Beijing: "The Lack of Coordination Between Deng Xiaoping and Chen Yun's Economic Ideas Leaves a Legacy of Trouble"]

[Text] The Chinese mainland has adopted the largest number of major economic restructuring programs this year. Following the high economic growth in 1992 and 1993, this has been another year of rapid progress. With all economic relations stretched tightly, the inflationary pressures are unprecedented. The situation in which two-thirds of large and medium state enterprises operate at a loss has been increasingly serious. The living standard of urban residents, especially the workers and staff members of state-owned enterprises, has dropped to some extent. Due to the problems they are experiencing in their lives, they may set themselves against the government at any time. Meanwhile, there is also a lack of coordination between the central and local authorities on whether the scale of capital construction should be reduced. Furthermore, April, May, and June are the most sensitive months politically. The CPC hierarchy is worried that, if the political and economic problems unite into a single force through mutual ignition and intensification, it will be difficult to keep the situation under control.

Taking into account the practical situation, the Chinese authorities have repeatedly stressed that stability is the prerequisite of reform and development since the beginning of this year. CPC General Secretary Jiang Zemin stressed in early April that "stability comes before everything else." [wending yadao yiqie 4489 1353 1090 0227 0001 0434] In mid-May he again pointed out the need to always "grasp stability as a matter of prime importance." Hence, people cannot but feel that there may be some unspeakable worries behind the authorities' emphasis on stability.

Views of the Two Party Elders on Stability Are Identical

This writer revealed on 13 May in this column that it was Deng Xiaoping who had the patent rights for the remark that "stability comes before everything else." According to a source in Beijing, the patent rights for "grasping stability as a matter of prime importance" belong to Chen Yun. During his inspection tour of Shanghai between 26 April and 6 May, Jiang went to Hangzhou to visit Chen Yun. After hearing Jiang's report on the recent work, Chen gave a 12-character assessment, meaning "a correct judgment of the current political situation and a resolute and realistic way of doing things." Chen added: "Over the past few years, the economy has developed, society has been stable, and the people's livelihood has improved. All this shows that, despite having many tasks to perform, we must grasp stability as a matter of prime importance. Otherwise, we shall pay a heavy price. If any country, big or small, is unstable socially and politically, there will be turmoil. Some political forces in the West hope for the emergence of great chaos and peaceful evolution in China and, therefore, we should not lower our guard."

As Chen Yun and Deng Xiaoping share identical views on stability, the CPC hierarchy is able to carry it out more satisfactorily. To ensure that there will be no problems in April, May, and June, the CPC hierarchy has adopted three measures: First, step up control over news media and propaganda. To this end, the CPC Central Committee Propaganda Department has especially set up a "press censorship" organ, which is responsible for examining and analyzing the propaganda trends of newspapers and journals at central, provincial, municipal, and autonomous region levels and making a report to the central Political Bureau every week. If problems detrimental to stability are spotted, the newspapers and journals will be banned immediately. The CPC hierarchy demands that no statements that undermine stability be allowed to appear in newspapers and journals, particularly during April, May, and June. Second, tighten supervision and control over "pro-democracy activists" and "political dissidents." It is especially necessary to guard against these people going out among the workers and staff members of money-losing state-owned enterprises and taking advantage of the dissatisfaction of unemployed workers to carry out sabotage. To this end, the CPC hierarchy has instructed all provinces, municipalities, and autonomous regions by cable to set up a "Leading Group for Preventing Chaos and Dealing With Emergencies," which has been specially tasked to handle these matters. Third, step up ideological and political work among enterprise workers and staff members who are having material difficulties and make good arrangements for their livelihood to prevent the workers' dissatisfaction from spreading into society.

Chen Yun Says There Are 10 Major Economic Problems

The source said: While stressing that stability is a matter of prime importance, Chen Yun also talked to Jiang

Zemin about 10 points for attention in economic construction, as follows: 1) In determining the speed of economic growth, we should proceed from our national strength and guard against "overheating"; 2) in economic construction, we should consistently put efficiency in the first place and prevent "excesses"; 3) in reforming state-owned enterprises, which are the basis of the state economy, we should base ourselves on improving, readjusting, and transforming them rather than closing them down, suspending operations, merging them with others, or selling them; 4) it is necessary to have an appropriate scale of capital construction, to act in strict accordance with planning, and to apply administrative measures in solving the problem of capital construction getting out of control; 5) the CPC Central Committee and the State Council should curb the practice of getting credits or calling loans in violation of the regulations or through personal notes, which is still fairly serious, and deal with cadres who violate the regulations; 6) it is necessary to keep inflation under control and create a situation of a low inflation rate and a fairly high economic growth, which has Chinese characteristics; 7) as the center of the state's economy and finance, the taxation system should be improved and strictly enforced, and the law should be applied to plug up loopholes and crack down on violations; 8) it is necessary to pay attention to unemployment and work stoppages and to make job placement a routine official business, and there should be medium- and long-term planning for job placement; 9) we should emphasize doing a good job in agricultural production, communications facilities, energy development, and residential housing; and 10) we should sum up the craze in real estate, stock market, and securities speculation and draw up legislation and regulations to properly solve these problems rather than let the situation become anarchy, which will adversely tarnish the state's reputation and causes confusion in people's minds.

What Is the Difference Between the Economic Concepts of Deng Xiaoping and Chen Yun?

An economist in Beijing pointed out: The guiding idea of Chen Yun's 10-point view on economic construction is basically the same as that of his talk during the Spring Festival. Both are based on "stability," but it is different from what Deng Xiaoping advocates. Take as an example their talks in Shanghai during the Spring Festival. Deng praised Shanghai's good and rapid development, saying that Shanghai must speedily bring into play its role as a "locomotive" in promoting China's rapid economic growth, and he again stressed Shanghai's important strategic position in promoting China's economic development. Chen, however, stressed his consistent idea, namely, "the scale and speed of construction must be suited to national strength" and "it is necessary to strengthen the central authority and concentrate all energy on handling major issues."

To be specific, Deng Xiaoping stresses the decentralization of power, maintaining that regional economic development (such as Shanghai) has a more important role in

the overall situation; Chen Yun, however, lays stress on centralization of power, holding that the strengthening of central authority plays the most fundamental role in the overall situation. Deng holds that "development is the last word," that a basic balance of speed, scale, and national strength can be attained in the course of seeking development, and that this is more compatible with the objective law than the practice of defining first a "national strength criterion" and then the development of scale and speed. Chen, however, holds that it is of the greatest importance to first define a "national strength criterion" and that only by keeping development scale and speed in a predefined range can we genuinely act according to the objective law and ensure the healthy growth of the economy. Deng maintains that the market economy enables limited resources to be most efficiently developed and that the market economic structure is the basis for explaining "why economic scale and speed frequently exceed the predetermined range." Chen, however, regards the market economic factor as a limited supplementary factor to the planned economic structure rather than an economic means that can play an objective function to the economic situation as a whole.

The economist stressed: The lack of coordination between Deng Xiaoping's and Chen Yun's economic ideas is one reason why the CPC hierarchy has been vacillating on the major issue of handling the relationship between reform and development. The CPC hierarchy is trying to strike a balance between the different economic views of the two party elders. There are indications that Chen's view is more readily acceptable to the hierarchy, while Deng's view is more readily acceptable to the local authorities. This is also an important reason why there are often contradictions between the central and local authorities.

Journal on Problems in State-Owned Enterprise

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[By Xu Yaozhong (1776 5069 0022): "Each Is Doing Its Best To Stop Losses—A Roundup of State-Owned Enterprises Making Up Their Losses"]

[Text] State-owned enterprises are the "big brothers" of the national economy but their long-standing deficits keep worrying us.

One-third of state-owned enterprises are obviously suffering from losses, one-third are facing latent losses, and only one-third are really making profits. This is the current common appraisal. Loss-making state-owned enterprises with independent accounting amounted to 11,453, accounting for 31.8 percent of the total.

A comrade in the State Council pointed out: The serious deficits in state-owned enterprises have caused them economic losses, brought about big difficulties to state and local revenues, directly affected sustained, rapid, and healthy [chi xu, kuai su, jian kang, 2170 4958 1816 6643 0256 1660] economic development, and affected

the smooth carrying out of enterprise reform. Politically, enterprise deficits, their inability to pay their employees' wages, and the decline in the employees' living standards have seriously affected social stability.

The people throughout the country are concerned about making up state-owned enterprises' deficits. The government and enterprises are considering how to change this situation and we are very clear that this situation must not remain any longer.

Introduction of Foreign Capital Yields Good Results

In Quanzhou City, Fujian Province, there are 37 state-owned enterprises directly under the city's jurisdiction. Thirteen of these enterprises were making losses, most of them were only making meager profits, and only three of them were making profits of more than 1 million yuan. The loss-making enterprises either had stopped their production for years or were in a state of semi-production. Some could not repay their debts or their profits could not offset the interest on loans. These enterprises could not make up their deficits.

In August 1992, the Quanzhou City authorities sold 60 percent of the assets of these enterprises to the Hong Kong China Strategic Investment Company Limited, which became the main stockholder. After a year of joint venture, these enterprises saw tremendous changes. According to statistics at the end of 1993, the sales volume in these 37 enterprises increased by 15.28 percent over the previous year; their taxes paid to the government increased by 48 percent; their profits rose by 4.4 times; and they repaid special loans of 3,027 yuan [figure as published]. Their losses were cleared and their profits increased by a wide margin. In 1994, these enterprises have continued to register a steady growth. Why is it that after foreign capital was introduced, these enterprises were so greatly different from before? The chairman of these joint-venture enterprises gave the following six reasons: With the introduction of foreign capital, there is a clear distinction between management and ownership and between responsibility and duty; these enterprises can obtain foreign exchange funds for their technical transformation; they can introduce advanced foreign technology and scientific managerial methods; they can explore the international market by means of the foreign side's relations with other countries, their broad channels, and their responsive information; they can put their stocks in overseas listings and open the way for raising capital abroad; and they have established an effective supervisory mechanism. Many people in economic circles say that the participation of foreign investors in the formation of limited shareholding companies with state-owned enterprises is an effective way of transforming state-owned enterprises, making up their deficits, and improving their vitality; this bears practical significance in helping small and medium state-owned enterprises out of their predicaments. However, in the course of implementation there is a need to assess state-owned assets rationally to prevent them from being sold at low prices or being allowed to drain away.

Whether or not the stocks of a joint-venture enterprise should be held by the foreign investor depends on the specific situation. We should not link an assets transfer to the political and social system but should regard it as a normal practice in the market economy.

Selling assets to foreign investors for joint-venture purposes is not an individual case. The Hong Kong China Strategic Investment Company Limited alone pooled capital with 102 light industrial enterprises in Dalian and dozens of enterprises in Hangzhou, Ningbo, and Wuxi in running joint-venture enterprises in these cities, thus enlivening state-owned enterprises there.

People in economic circles call this a "China Strategic practice" which switches the transformation of enterprises' operational mechanism to the transfer of state property rights. This is a more thorough way of transforming enterprises' operational mechanisms and serves as a foundation for the establishment of a new enterprise system.

Orienting Enterprises Toward the Market Gives Much Hope

Some enterprise deficits in the 1980's were the "after effects" of the traditional planned economy; in the 1990's, many enterprises' deficits are the results of their "inability to adapt" to the market economy. A state-owned machine-building enterprise in northeast China has incurred losses for many consecutive years. Its staff members and workers, having nothing to do, will usually sit in the sun and play cards in the factory compound, waiting for state relief. A small factory of a similar type in south China held a trade fair in the city in which the enterprise is located. Within a few days, purchase orders worth tens of millions of yuan were signed. The enterprise staff members and workers in the northeast remained indifferent to what was happening around them. There is a similar example in Jiangxi. A ramie spinning factory in this province has adopted the same method for 10 years, regardless of market changes. It has finally changed from a profitable factory into a loss-making one. Refusing to adjust production in accordance with market changes is an important reason why many state-owned enterprises have incurred losses.

The Shanxi Dazhong Machine-Building Factory is a military industrial enterprise which used to manufacture one type of product. It suffered from losses for six consecutive years from 1986 to 1992 and finally found itself in a predicament. In 1992 it started adjusting its leading group. As soon as the new factory director assumed office, he led the employees in breaking away from the traditional planned economy and a closed military industrial structure. They removed the barrier between the military industry and the market, used the market for guidance, adjusted the product mix, and concentrated on manufacturing gas stoves, textile winders [luo tong ji 4820 4592 2623], and other civilian products. As a result, they stopped the factory's deficits within four months. The Beijing Wristwatch Factory

freed itself from its loss-making predicament because it "always remembered the market, attentively watched the market, and adapted its products to the market." They adjusted the factory's operational strategy and product mix, switched from manufacturing single-function to multi-function wristwatches, and reformed their management system, investment orientation, product design, trial production, and reward methods. The period for developing new products was shortened from six to two months and wristwatch models increased from the previous dozens to more than 200. The factory reduced its losses by some 7 million yuan in 1992 and made up its deficits and began to make profits in 1993.

Managerial personnel from some state-owned enterprises which had seen improvement said with deep feeling: In the past we had blind faith in plans and ignored the market role and, as a result, we were abandoned by the market and found the going tough. We now trust the market and feel that it can provide prompt information. Thus, enterprises can have impetus and methods.

Invigorating the Tertiary Industry and Supplementing the Secondary Industry

Overstaffed administrations, applying for relief when facing a small problem, and complaining when there is no problem are important reasons why state-owned enterprises have incurred losses. When inspecting a coal mine, Vice Premier Zhu Rongji said: To make up deficits, increase profits, and free itself from its predicament, an enterprise must tap its potential, reduce its personnel, and develop a diversified economy and the tertiary industry.

Shanxi's Yungang Coal Mine was engaged mainly in mining but it was overstaffed. For many years, everyone in this mine had eaten from the state's big pot. Before 1991, it incurred deficits for many consecutive years. What was to be done? It worked out the following method: It fully used the surplus personnel to develop the tertiary industry and a diversified economy and supplement the secondary industry, with the aim of making up deficits. It divided the personnel into three groups: One-third continued to carry out coal production, one-third engaged in providing service for production and life, and one-third engaged in the tertiary industry and a diversified economy. It also formed seven companies which had their own system and independent management, thus separating them from the coal mine. The surplus personnel were given jobs through various channels. After a year of practice, the coal mine began to make up deficits. The profits gained from the tertiary industry and diversified economy contributed to the coal mine's turn for the better.

The Dalian Heavy Machine-Building Factory—a key enterprise in the state's heavy machine-building industry—also suffered serious losses. In making up the losses, it did not lay any of its personnel off or shift the burden to society but used its personnel, labor force, and capital

in the commercial and service fields and for tertiary industrial development. This helped invigorate its dormant capital and boost the surplus personnel's initiative. The profits gained from the tertiary industry and other diversified operations amounted to 7.7 million yuan in 1992 and topped 10 million yuan in 1993. Invigorating the tertiary industry and supplementing the secondary industry are good methods for enterprises to make up deficits and increase profits.

These methods have been implemented without affecting the enterprises' employees' stability or increasing social burdens. These methods have practical significance and provide us with the following enlightenment: The market economic structure is now being established. If we continue to stick to the old conventions and restrict ourselves within the limits of the secondary industry, we will have no way out. Breaking through industrial restrictions and coping with market demands can turn surplus personnel into useful assets.

Macrocontrol and Regulation Enliven the Infrastructure

It is undeniable that some state-owned enterprises' deficits have resulted from faults in macropolicies or ineffective macrocontrol and regulation. There are many such examples. The economic returns of some household appliance enterprises are low because there is too much duplicate manufacture and the markets are limited. So, quite a proportion of production remains idle and, due to the "bottleneck" restrictions of basic facilities and basic industries, many enterprises cannot bring their productivity into full play. About one-third of China's productivity is wasted because of power shortages or power supply restrictions. Inadequate transport facilities have caused stagnation in the transportation of raw materials from hinterland provinces and have made it impossible for coastal areas to display their processing capacity and market role. Due to funds shortages, many enterprises cannot buy raw or semifinished materials and have thus stopped their production. Last year, one-third of light industrial, textile, and chemical industrial enterprises in Chongqing City stopped production or were in a state of semi-production; and enterprises which had stopped production or were in a state of semi-production had more than 300,000 employees.

Obviously, to make up these losses, the state should bring into play macrocontrol and regulation or draw up a rational macropolicy. To control investments in fixed assets and adjust the investment structure, investments should be oriented to "bottleneck" industries and enterprises' technical transformation and duplicate manufacture should be stopped. Strict control should be exercised over capital investments and the release of loans. Limited funds should be used flexibly to effectively support enterprise development. The prices of raw and semiprocessed materials should be increased appropriately. All these are indispensable for establishing a new market

economic structure and promoting economic development. However, these must be processed during an appropriate period and the impetus of adjustment must be properly controlled.

The state has now introduced quite a number of specially targeted policies while encouraging the development of "bottleneck" industries; it has made headway in forming the financial and taxation macrocontrol structure. This is aimed at creating conditions for state-owned enterprises to make up their deficits. Only when the state has done well in exercising macrocontrol and regulation will enterprises grow stronger and enjoy healthy and reliable development.

Apart from using the above methods to make up their deficits, many enterprises, proceeding from their specific conditions, have created other methods. For example, the Tianjin No. 1 Wool Spinning Factory stopped its production for rectification; the Beijing No. 2 Wrist-watch Factory transformed itself from an industrial enterprise into a commercial enterprise; the Shanghai No. 2 Textile Machinery Factory introduced an integration method; the Handan Steel Corporation introduced a cost accounting system related to the market economy; Fujian carried out technical transformation; and Liaoning suspended, closed, merged, and transferred the production in loss-making enterprises. They all made remarkable advances not only in making up their deficits but also in increasing their profits.

These facts suggest that, like mutual promotion and restraint between the five elements in nature, enterprises have the methods to remedy their losses. This is called "the law is stronger than the outlaws."

There are many new methods for us to explore in making up deficits, such as by introducing reform, applying the market mechanism, improving management, and using science and technology.

Trademark Official Details Trademark Protection

*OW2005133394 Beijing XINHUA in English 1314
GMT 20 May 94*

[Text] Beijing, May 20 (XINHUA)—A high-ranking Chinese trademark official stated here today that the country has been taking a clear, firm stance in protecting the exclusive rights to registered trademarks.

"Violators of trademark laws face harsh penalties—up to life imprisonment and death sentence," said Li Bida, deputy director of the Trademark Office of the State Administration for Industry and Commerce.

He was speaking at an international symposium on intellectual property protection which opened today.

The deputy director disclosed that in 12 months from July 1992, over 3,000 people were handed to the judicial system, accused of counterfeiting registered trademarks.

Five were sentenced to life imprisonment and four were given a death sentence and executed immediately, according to law. They were mainly engaged in manufacturing and selling fake and shoddy cigarettes, wines, medicines and chemical fertilizers and brought great losses to consumers.

Other violators were fined heavily.

Li Bida said China takes "active measures" to protect the registered trademarks of overseas investors.

From the time the country joined the World Intellectual Property Organization in 1980 until the end of last year, China processed 11,144 international applications for territorial extension of trademarks.

The government not only promptly handles infringement cases reported by overseas investors, but also assists them to improve their self-protection, Li said.

Many world famous companies, such as Mars, Coca Cola and Kodak from the U.S.A., have sent letters or silk banners to China's local bureau of industry and commerce to express their thanks, according to Li.

China acceded to the Paris Union for the Protection of Industrial Property in 1985, and to the Madrid Union in 1989. Its fulfillment of the obligations of a member state has won "broad praise" from other countries, he said.

It is "by no means an exaggeration," Li told the symposium, that China has complied with international practices in respect of trademarks classification, general principles and procedures in processing trademark applications and registrations, as well as in respect of the punishment imposed on trademark rights infringers.

China has built a legal framework to monitor the protection of trademark rights.

Li said his office has felt the urge to promote enterprises to learn the importance to establish well-known trademarks, while stepping up efforts in trademark registration and management.

China needs to foster more specialists on trademark management, he said, adding that China also plans to automate trademark registration in the near future. Automatic searching is expected to be realized by the third quarter this year, he said.

Official on Multinationals' Headquarters in Beijing

*HK2405073594 Hong Kong EASTERN EXPRESS
in English 24 May 94 p 25*

[By Wang Xiangwei]

[Text] China is drawing up policies to lure foreign multinational companies to set up their regional headquarters there, according to a senior official with the Chinese Ministry of Foreign Trade & Economic Cooperation (Moftec).

Ma Xiuhong, deputy director general of the ministry's foreign investment administration, also said yesterday that the ministry would allow foreign multinational companies to set up investment vehicles to make direct investments in the country on a trial basis. They would also be encouraged to invest in capital and technology-intensive projects.

Analysts said last night that the new policies would pose a serious challenge to Hong Kong and Singapore where foreign companies currently base their regional headquarters to direct their investment and trade in China. Although Ma did not give any further details, analysts said that the new policies signalled China's efforts to shift its focus from attracting small and mid-size foreign companies to multinationals for their deep pockets, advanced technologies, and management experience.

Ma said that last year foreign investors spent U.S.\$ 27.5bn (about HK\$214.5bn), up 150 per cent over 1992. But that figure is only one fifth of the more than U.S.\$110bn total foreign investment committed to China in 1993.

To date, China has approved 174,000 foreign-funded projects with the contract value of foreign investment amounting to U.S.\$221.8bn, of which U.S.\$61.8bn has already been invested.

Meanwhile, Zheng Silin, vice minister of Moftec, said that China's foreign trade is estimated to reach U.S.\$1,000bn in the next seven years. Last year, foreign trade was U.S.\$195.8bn, of which imports accounted for U.S.\$104bn.

Both Zheng and Ma made the remarks at a seminar, part of an on-going trade and investment conference organized by Moftec and the Hong Kong Trade Development Council. The event, which lasts until Thursday, is the largest of its kind held in the territory.

Increased Reserves Help Maintain Value of Yuan

HK2405064894 Hong Kong SOUTH CHINA MORNING (BUSINESS) POST in English 24 May 94 p 1

[By Foo Choy Peng]

[Text] China is confident it can hold the yuan at the current level of 8.6 to seven to the US dollar in the long term, says a senior official of the State Administration of Exchange Control (SAEC).

"We know foreign investors are concerned about the stability of the yuan. We're even more concerned because an unstable yuan has many implications for the economy," Yang Gonglin, director of the SAEC's policy and regulation department, said yesterday.

Speaking at a conference on China trade and investment, Mr Yang said it was China's intention to maintain the current level of the yuan to the dollar.

As part of the move towards full convertibility of the yuan, China unified its two-tier exchange rate system in January by pegging the yuan at 8.7 to the dollar, the level traded at the swap centres. It has since been trading comfortably within bank-based margins of 8.6 to seven. Foreign investors said the stability on the inter-bank foreign exchange system was more the result of support from the People's Bank of China and had little to do with market forces. But yesterday, Mr Yang maintained it was more a reflection of demand and supply than of the central bank's support.

Despite earlier worries that China might not have enough foreign reserves to stabilise the yuan, Mr Yang said the country had seen an increase in its foreign reserves since the currency reforms. Official figures, released last week, show that the state foreign currency reserves have risen U.S.\$8 billion since the start of the year. And in April, the inflow of hard currency to the banks designated by the People's Bank to handle foreign exchange transactions exceeded selling by \$3.14 billion.

There has been some upward pressure on the yuan recently as credit tightening by the banks has made it more difficult for companies to secure yuan to finance their operations. As a result, companies are selling foreign exchange earnings in return for yuan.

Trading in China's inter-bank foreign exchange system is limited to domestic enterprises, while overseas-funded enterprises continue to buy and sell foreign exchange at the swap centres. Observers said the inter-bank system was still not sophisticated enough and, if foreign enterprises were allowed to join it, as was originally planned, it would be inundated by the sheer volume of transactions.

Mr Yang said there was no timetable for the foreign enterprises. He said there were plans to expand the number of provincial centres later this year to link them to the national foreign exchange centre in Shanghai. Mr Yang said the reforms introduced in January were designed to achieve full convertibility of the yuan in the country's current account in the near term.

Inflation Figures Withheld To Reduce Public Unease

HK2405073494 Hong Kong EASTERN EXPRESS in English 24 May 94 p 8

[By Bruce Gilley]

[Excerpt] The Chinese government has withheld announcing urban inflation figures for April. Officials apparently hope to distract attention from soaring city prices, which could exacerbate unease in the weeks leading up to the fifth anniversary of the crushing of the Tiananmen Square protests.

The cost of living in 35 cities rose by 23.3 per cent in April, down from 24.5 per cent in March, according to sources at the State Statistical Bureau (SSB) in Beijing.

But, in announcing inflation figures last week, officials released only the national urban-rural average. Regarding the cities, the bureau said only that the rate of big city inflation had slowed. The unpublished April urban figure was the second consecutive monthly drop from the peak of 25.9 per cent in February, but the moderate rate of decline was a blow to the State Council's much ballyhooed price inspection campaign carried out in March and April, which officials had hoped would bring the urban figure below 20 per cent.

"These big cities are a special situation. They are not representative of the overall success of the campaign," an SSB official said.

The overall picture showed national consumer price inflation slowing to 21.7 per cent in April, from 22.5 per cent in March. Beijing has set a national inflation target of 10 per cent for the year, which many officials have already publicly discounted as unrealistic. SSB sources said administrative measures had been largely ineffective in controlling prices, both in big cities and in small towns.

The State Council team sent to Guangdong reported in mid-April that "price hiking momentum is relatively grim" after inspecting Guangzhou, Shenzhen, Zhuhai, Zhongshan and Dongguan.

Hubei's vice-governor, Chen Shuiwen, reported at the end of April that "the progress of the general price inspection has been uneven".

"Price increases in some localities have not been effectively controlled. The prices of a few commodities have even bounced back up again," Chen said. [passage omitted]

Export Sector 'Troubled' by Antidumping Policies

HK2305150094 Hong Kong ZHONGGUO
TONGXUN SHE in Chinese 0803 GMT 22 May
94

["Special article" by reporter Xie Zuan (6200 9449):
"China's Export Is Troubled by Antidumping Policies"]

[Text] China's economy has developed rapidly in the 1990's and currently ranks side by side with the world's major trading nations. In 1993, China's foreign trade reached \$195.7 billion. However, while China's economy and trade are striving to move toward and converge with the outside world, it is troubled by the antidumping policies of foreign countries. Hong Kong's economy is closely linked with that of mainland China and inevitably feels the impact of antidumping moves. Concerned quarters are urging the mainland and Hong Kong to advance or retreat together and join hands to deal with this issue.

According to reports from Beijing, Li Lanqing, vice premier of the State Council of China, pointed out a few days ago: The antidumping issue has an important

bearing on China's export, and, if it is not properly handled, there will be the danger of complete collapse.

In fact, China has been accused by foreign countries of dumping an accumulated total of more than 150 kinds of export products and has been forced to pay antidumping taxes on them. Last year alone, China was accused of dumping goods in nearly 100 cases, which directly involved over \$30 billion of its export volume, constituting a considerable threat to China's exports.

On 14 April last year, the Mexican Secretary of Commerce and Industrial Development announced at a press conference that Mexico would conduct an antidumping investigation into more than 4,000 types of products under 10 categories from China and, at the same time, would increase antidumping taxes by a large margin. To date, this is the world's biggest antidumping case.

If things continue in this vein, the concerned official pointed out, the normal development of China's exports will certainly be adversely affected. Even if China is able to restore its status as a signatory state to the General Agreement on Trade and Tariffs in the future, the advantages it derives will be offset.

Therefore, economic and trade circles from the mainland and Hong Kong have repeatedly called for fighting antidumping accusations. Various quarters have attached importance and have responded to this call. It has been revealed that China will formulate various measures to deal with antidumping accusations and has demanded that the problem be thoroughly solved.

These measures include stepping up the formulation of an antidumping law so that there can be guiding principles for antidumping work. At the same time, China will strengthen the position and role of commercial import and export chambers and will authorize these chambers "to be responsible for organizing and coordinating antidumping accusation defense work" and to manage and coordinate the work of various trades. In addition, China will strengthen the management and control of sensitive export commodities.

At the same time, China will, by inviting tenders for export quotas, levy export tariffs, implement measures such as temporary active quotas, and exercise quantitative control over some export products.

China will set up an antidumping defense foundation to take a stand against antidumping accusations. China will also energetically train antidumping personnel to cope with a large amount of antidumping defense work abroad and investigation on import commodities.

The Ministry of Trade and Economic Cooperation will hold an antidumping forum with the United States and the EC this year. China will also maintain close ties with Hong Kong's commercial circles in order to jointly do a good job in antidumping work and to facilitate the smooth development of foreign trade.

Legislation To Criminalize Copyright Violations

HK2205015694 Beijing CHINA DAILY in English
21 May 94 p 1

[By Tan Hongkai: "Government To Imprison Copyright Buccaneers"]

[Text] The government plans to jail copyright pirates, Minister of Justice Xiao Yang said yesterday in Beijing.

"Criminal sanctions must be imposed on those who commit intellectual property right offences to safeguard the integrity of ideas and the dignity of law," he told the International Symposium on Intellectual Property Protection.

Currently only civil procedures are available for copyright infringements. Criminal sanctions are reserved for trademark violators.

Chinese lawmakers are also pushing through legislation on border controls where intellectual property rights are violated, according to Xiao.

"Customs will play a bigger role in intellectual property protection through prohibiting import and export of the relevant commodities," he said.

The government moves will guarantee implementation of the National Commitments outlined by the Paris Convention on Protection of Industrial Intellectual Property and the Berne Convention on Protection of Literary and Artistic Works, Xiao said.

Patent protection has been extended to cover chemicals, medicines, food, beverages and condiments in China. And company logos now enjoy the protection previously offered trademarks.

Lawmakers are still debating how best to legislate for biological patents. But the government has promised to write flora and fauna into the law within two or three years, according to Ma Lianyan, vice director of the State Patent Office.

The moves are an important step in China's efforts to internationalize its patent system. Ma said.

Liu Jiyang, chief secretary of the China Intellectual Property Society, revealed that the National People's Congress was considering legislating against compact disc piracy and trademark counterfeiting.

Calling the country's trademark protection "comprehensive and effective," Li Bida, Vice Director of the Trademark Bureau under the State Administration for Industry and Commerce (SAIC), urged foreign trademark owners to learn more about Chinese laws to avoid wasting time.

Ignorance of the law can unnecessarily prolong the suffering of foreigners, when they find their trademarks have been abused and they want help from the Chinese authorities, he said.

Foreign trademark owners should go to SAIC authorized departments to file their complaints, he said.

He also advised foreigners to pay more attention to the "roots" of trademark infringements.

"Although some offences take place in China, they do not necessarily originate here," he pointed out. "Trademark owners should track down the culprits by following the clues to find out those behind the scenes."

Many cases of foreign trademark infringement are actually committed by foreigners, he asserted.

"Protection of registered trademarks is an international problem it demands common action by the world as a whole," he said. "Mutual reproach is of no benefit."

The two-day international symposium attracted 130 experts, lawyers and business people from China Australia, Britain, France, Germany Indonesia, Japan, Singapore, Thailand and the United States, as well as from Hong Kong and Taiwan.

GATT Accession 'Threat' to Service Sector

HK2205085094 Beijing CHINA DAILY
(BUSINESS WEEKLY) in English 22-28 May 94 p 1

[By Wang Yong: "Influx of Services Seen"]

[Text] Access to the General Agreement on Tariffs and Trade (Gatt) is likely to make China a net importer of services, a senior economist warns. "A consequent influx of foreign higher-quality and lower-cost services will pose a threat to China's international balance of payments," said Chu Xiangyin, a professor at the University of Foreign Trade and Economics.

China signed a general agreement on trade in services as part of the final act of the Uruguay Round of Gatt talks in Morocco last month.

While admitting that China will benefit somewhat from the agreement, Chu says the challenges are demanding.

The core of the agreement on trade in services is transparency in trade regimes, unconditional most-favoured-nation (MFN) treatment, greater market access and equal treatment for domestic and foreign businesses operating in China.

All in all, China, like other signatories, will have to open its markets wider to foreigners when the agreement takes effect early next year.

Chu outlined three major threats to China's service industry:

—First, the inflow of foreigners will squeeze domestic sectors still in their infancy. Although he did not elaborate, it's apparent that banking is one of these sectors.

—Second, sectors such as aviation and telecommunications are related to State sovereignty and security, and lack the guidance of a complete legal system.

"When there's not a complete law to regulate the operation of foreign transnationals, the potential threat (to State safety) cannot be ruled out," Chu said.

—Third, China's trade in services is still on a low level, despite fast development over the past decade.

The service trade in China has yet to regain the form of its heyday in the 1950s, let alone catch up with developed countries or even some developing nations.

Chu pointed out that services accounted for a smaller portion of China's gross domestic product, than the average level among developing countries for 1984, which the World Bank put at 37 per cent.

Peter Sutherland, Gatt's Director-General, said in a recent speech in Beijing that poor availability of services, including finance and transportation services (especially in inland areas), is among the challenges still to be faced by China's reforms.

But Chu also pointed to some positive factors for China's service trade when the country gains access to Gatt.

On the one hand, he said, developed countries are seeking opportunities to provide technical assistance to developing countries such as China. On the other hand, foreign competition will force domestic suppliers to improve their quality.

Moreover, while opening up its own market, China will gain easier access to foreign markets.

He suggests that the government find ways to bolster the country's service exports.

Chinese Foreign Trade Minister Wu Yi has said China will strive to seek a balance of payments in its service trade.

Chu also suggests that China make public regulations for its service trade, except those that might threaten State security.

"Now, it's time for us to develop our service trade in full swing," Chu said, adding that China should absorb what it can from all over the world.

"But," he cautioned, "foreign services which may lead to environmental pollution or the leakage of State secrets should not be encouraged."

GATT Accession 'Double-Edged Sword' for Exports

HK2305005694 Beijing, CHINA DAILY
(BUSINESS WEEKLY) in English 22-28 May 94 p 2

[By Xiao Wang: "Gatt May Help Bring On Deficits"]

[Text] Access to the General Agreement on Tariffs and Trade (Gatt) could be a double-edged sword for China's exports, a senior trade expert said.

While helping balance the richer east and poorer west (because GATT calls for trade policies to be applied uniformly across the country) among other merits, the access could well cause trade deficits for China for a long time, said Wang Xinkui, deputy director and professor of the Shanghai Foreign Trade Institute.

The trade balance could deteriorate (on the basis of the level observed before the access) in the immediate future, he added.

"For, in general, it will be easier for foreign businesses to enter into the Chinese market than for Chinese companies to enter into foreign ones, as soon as China assumes a freer trade policy upon access to Gatt," he explained.

Soaring imports could emerge as China switches from a planned economy to a market-based one.

During the transitional period, imports are expected to run out of control to a certain extent when trade is deregulated.

This situation is set to be aggravated if domestic enterprises go for imports in a blind way as the national economy continues to expand in the fast lane.

"Moreover, a huge demand for foreign consumer goods by ordinary people will be a potential stimulus to new rounds of imports," Wang said.

But he admitted that re-entering Gatt will provide China with an opportunity to readjust its foreign trade pattern which developed in the 1980s.

The pattern is characterised by a favourable tilt towards the country's coastal regions, labour-intensive industries and a narrow export market concentrated on the United States, Japan and Hong Kong.

The pattern has produced three major problems for China's foreign trade, Wang said.

First comes the worrisome export growth momentum, which is maintained by the supply of more export goods whose prices have been drifting downward most the time.

China's overall export price level in 1990 dropped by 12.4 per cent over that in 1981, although the annual trade volume grew by 12.3 per cent from 1981-90.

"The bottom reason for the worsened export efficiency is that China failed to establish new money-spinning industries (such as machinery processing) when the costs of labour and raw materials soared up to hamper the competitiveness of the labour-intensive industries, like textiles," Wang said.

Second comes the imbalanced development between the east and the west.

The third is that China's exports are unduly focused on a few markets.

Statistics show that exports to the US, Japan, Hong Kong and Macao accounted for 68.3 percent of China's total in 1991, up from 53.1 per cent in 1980.

To break the undesired pattern Wang said China must lose no time in bolstering a cluster of new technology-intensive industries, which will be the mainstay of the national economy in the next century.

Priorities should include the heavy chemical, machinery, electronics and telecommunications sectors.

These sectors have been a weak link in the Chinese economy, which in the 1980s favoured labour-intensive sectors, such as textiles industry.

"China should take advantage of its treatment as a low-income nation after rejoining Gatt to protect these new industries by resorting to tariff and non-tariff measures on a selective basis," Wang said.

These industries should establish systems that promote large-scale production via corporate alliances and annexations, he added.

China should also take advantage of easier access to more overseas markets, which will apply lower tariffs to China after its re-entry into Gatt, to cultivate more export markets other than just the few mentioned above.

The biggest headache for China's exports is that there are no powerful transnational companies that can compete effectively in the world market.

He urged the government to further wean itself from meddling in the business operation of large and medium-sized State enterprises, so that they will be more competitive.

Foreign Trade To Account for Half of 1994 GDP

HK2305005494 Beijing CHINA DAILY
(BUSINESS WEEKLY) in English 22-28 May 94 p
1

[By Jin Man: "Foreign Trade To Account For Half of GDP in 1994"]

[Text] Foreign trade will make up nearly half of China's gross domestic product (GDP) this year, if the devaluation of renminbi yuan is taken into account.

The proportion was 37 per cent last year, with a foreign trade volume of \$195.7 billion versus a GDP of about 3 trillion yuan. (The official exchange rate then was 5.7 yuan to the US dollar.) A conservative estimate puts China's 1994 foreign trade volume at \$200 billion, which would be tantamount to 1.74 trillion yuan at the current exchange rate of 8.7 yuan to the dollar.

Ji Chongwei, an official with the State Council Development Research Centre, says the country's foreign trade is expected to continue double-digit growth in the remainder of the 1990s, faster than that planned for the national economy.

China's foreign trade accounted for only 9.9 percent of GDP in 1978 when the country first opened itself to the outside world.

The export volume accounted for about 18 per cent of the country's GDP last year, compared with 10.4 per cent in 1988.

"This high ratio is rare among the world's major countries," Ji noted.

China's exports saw a heady recovery in the first four months of this year from the corresponding period last year.

Experts are predicting that exports are unlikely to be so sluggish again this year because the hectic domestic market has calmed down.

A recent report from the State Planning Committee said that more than 90 per cent of the country's commodities supplies balance or even outweigh demand.

The report also said that investment in fixed assets—a key factor affecting inflation—has been brought under control.

The latest statistics indicate that the country's commodity retail sales prices in April grew by 19.5 per cent over the same period last year. This was lower than in March, when the growth rate was 24.5 per cent.

A more mild domestic market is generally conducive to export growth.

Last year, a hectic market at home, compared with a sluggish international one, drew a lot of resources that should have been exported.

Foreign Trade Minister Wu Yi says that the adoption of the uniform rate 8.7 yuan to the dollar has also boosted exports.

But analysts have expressed concern that a drastic price spiral at home has virtually offset all the benefits brought by the yuan's devaluation.

Chinese companies are now facing prohibitive export costs and demands by foreign importers to cut their export prices.

The State has made it a top priority to curb spiralling prices this year, but the battle continues.

Another problem facing China's exports is that there are only a few kinds of money-spinning items available.

The biggest generator of export income, textiles, faces strict import quotas in the United States, the European Union and other importers.

Foreign-Invested Enterprises' Losses Analyzed

HK1505012694 Beijing RENMIN RIBAO in Chinese 11 May 94 p 2

[Article by staff reporter Gong Wen (7895 7186): "Why the 'Foreign Moon' Is No Longer Round—An Analysis of Foreign-Invested Enterprises' Losses"]

[Text] The "Foreign Moon" Is Not Completely Round

Several days ago, a friend told me that a joint-venture cosmetics company in Shanghai had incurred a serious loss. I was indeed astonished to hear this. The pride of Shanghai's joint-venture enterprises, this company manufactures products that sell very quickly; why has it fallen into such a predicament?

This is not the only example. A medical equipment company in southern China, about which foreign businessmen had been optimistic, recently incurred a loss. Everyone was baffled upon hearing the news.

The first joint-venture enterprise emerged in China in 1980, and there are more than 100,000 foreign-invested enterprises in the country. The direct introduction of foreign capital totals tens of billions of U.S. dollars, presenting a scene of rivalry for supremacy and playing an important role in China's economic life. Statistics show that the per capita output value, per capita profit and tax, as well as the labor productivity of foreign-invested enterprises are higher than those of Chinese-funded enterprises. Foreign-invested enterprises have introduced capital, technology, and advanced management methods and operational forms. This is why the people in many state-owned enterprises say: The "moon" imported from abroad is indeed rounder than our "moon".

But it is hard to understand that, following the increase in investments, the "foreign moon" is no longer "round": Some foreign-invested enterprises have incurred losses each year and seem to have an uncertain future.

Are They Really Incurring Losses or Are They Pretending To Suffer From Losses?

The losses incurred by foreign-invested enterprises can be classified as follows:

The first are normal losses. Over the last few years, a large number of foreign-invested enterprises have started their business in China, accounting for 30 to 40 percent

of the total number of enterprises in operation. These enterprises have just started operation (such as running hotels), so they are still in a debt repayment and trial production period. In addition, some foreign investors have had ambitions that were too great when they arrived in China, like a "tiger wanting to eat the sky," and their mistakes in finding markets has also affected the development and sales of their products. These enterprises account for about half of the loss-incurring enterprises, a case similar to that in developed countries.

The second is abnormal losses, which are mainly as follows:

Losses in accounting. Some people say: "State-owned enterprises have purposely reduced their losses, whereas foreign-invested enterprises have purposely exaggerated their losses." These remarks are not unreasonable. Last year only 25 percent of the foreign-invested enterprises in Beijing incurred losses, but they exaggerated it to 50 percent. To fully take advantage of the preferential policy of "two exemptions, three reductions," some foreign-invested enterprises have regarded the profit-making year as a loss-incurring year to evade taxes. A strange situation has even emerged in which some enterprises have registered consecutive losses or zero profits, but, in pooling capital, they keep increasing their investment and recruiting more employees. In 1987 a Xiamen joint-venture company's investment was \$900,000, and its current assets amount to 100 million yuan, but the company has been infamous for its longstanding "losses."

Losses caused by profit transfers. Wholly-owned foreign-invested enterprises account for about 20 percent of the total number of foreign-invested enterprises. Some wholly-owned foreign-invested enterprises (mostly Hong Kong and Taiwan invested enterprises) have made tacit agreements with enterprises outside the country by taking advantage of their imports and exports. When importing raw materials and equipment, they raise the prices on the import declaration forms; when exporting finished products, they reduce the prices on the export declaration forms, and sell the products outside the country at high prices. This transfers the profits to regions outside the country. Foreign businessmen in some joint-venture enterprises also resort to this "clandestine" method of transferring profits which should have been shared by both sides, leaving losses for the joint-venture enterprises. Foreign businessmen in some joint-venture enterprises introduce obsolete or poor-quality equipment at high prices, so that, the higher the prices, the more percentage of shares they hold, and the higher profits they enjoy. Moreover, high-priced equipment has caused an increase in the enterprises' production costs and a decrease in their profits. This also constitutes a loss.

Losses due to operation and management. Quite a number of small and medium joint-venture enterprises do not have clear management responsibility or duties. Only when there is a purchase order will the director of

the foreign side appear; on ordinary occasions, he will not. So some enterprises cannot even hold board of directors meetings, and only temporary measures are applied to daily operations, thus causing operational confusion and a decline in economic returns. Some foreign investors in China have merged their offices with the joint-venture enterprises, causing large-scale operations and low output. In this case, these enterprises have inevitably incurred losses. Some representatives of the Chinese side let the joint-venture enterprises take charge of the workers' welfare, but personnel from outside the country working in these enterprises have major expenses. Such a person in a Shanghai or Guangzhou joint-venture enterprise requires at least \$150,000 a year for his salary and daily expenses. Some foreign investors force the joint-venture enterprises to pay the expenses of their mother companies.

Furthermore, some foreign-invested enterprises have rushed to start their operations with obsolete equipment and inadequate funds. It is difficult for them to carry out technical transformation or update the equipment, and this has resulted in delays in their production and operations and has finally caused losses.

The "Foreign Moon" Is Also a Moon

Foreign-invested enterprises constitute a vital force in the national economy and whether they incur losses or make profits affects the entire process of utilizing foreign capital. On the whole, though some foreign-invested enterprises are incurring losses, they are not as serious as some people imagine. Some of these enterprises are improving, and we should soberly understand and appraise this situation. Press reports over the last few days indicate that 80 percent of the 4,000-odd foreign-invested enterprises operating in Shanghai are making profits.

As a matter of fact, there are complicated factors causing the foreign-invested enterprises to incur losses. "Paying learning fees" in the course of introducing foreign capital is inevitable. Most of the foreign investors in China are abiding by the principle of "mutual benefit," but some of them are playing tricks to make exorbitant profits by taking advantage of the Chinese side's eagerness to introduce foreign capital and its lack of experience in international economic cooperation. The most important thing is that we should acknowledge this fact: The "foreign moon" is also a moon. When providing a preferential policy, we should be bold in "closing the loopholes" in all areas. Only thus will both sides make common development and will enterprises thrive.

Tax evasion generally exists in the world (particularly in transnational corporations). Tax evasion bears a strong nature of concealment and "rationality." Tax reductions or evasions can be achieved by filing false reports on "losses." Raising the prices of low-price raw materials imported from abroad and transferring profits are

common commercial methods. How should we fully utilize foreign capital and ensure the state's and enterprises' profits?

An expert has pointed out that, on one hand, we should improve the relevant foreign-related policies and tax laws so that there no loopholes; on the other, we should improve the quality of the Chinese side's personnel, gather information on the international market situation (such as the buying and selling prices of commodities) and customers (such as conducting inquiries, surveys, or asset appraisals), establish intelligence or information networks with Chinese organizations stationed abroad or accounting offices which have business relations with China, to promptly close loopholes and reduce losses. In particular, qualified accountant offices or other authoritative organizations should be invited to appraise the material invested as stock by foreign businessmen, to avoid being led by the nose by foreign businessmen.

The management and operation of foreign-invested enterprises should be gradually standardized, with a focus on the cautious selection of construction projects to be carried out, to prevent errors and mistakes. The introduction of unmarketable products or equipment should not be approved. We should not be overanxious for quick results in enterprises whose conditions are not yet mature. We should factually determine the expenditure standards for managerial personnel, establish a supervisory system, and train a number of foreign sales professionals and accountants for the Chinese side. In the course of operation, we should strictly practice the principle of "jointly undertaking risks and commonly enjoying profits" and prevent enterprises from "incurring losses without cause."

Of course, cooperation in all fields is necessary to change the situation of losses in foreign-invested enterprises.

New Tax Policy Benefits Foreign Companies

HK2305005094 Beijing CHINA DAILY
(BUSINESS WEEKLY) in English 22-28 May 94 p
2

[By Wu Yunhe: "Foreign Firms Benefit From New Tax Regime"]

[Text] The new taxation system is creating an equitable payment environment for both domestic and foreign firms, said a senior tax official.

This year, the sweeping changes of tax policy in China will not end tax exemptions for foreign-funded productive enterprises in their initial two years of profitable operation, said Dong Shukui, deputy director of the overseas-related tax bureau under the State Administration of Taxation.

He added that the newly introduced value-added, consumption and operational taxes have equalized the government's tax levies on both Chinese and foreign enterprises.

Dong reiterated that the valued added tax (VAT) has more advantages compared with the old turnover tax, known as the consolidated industrial and commercial tax (CICT), which was applied to most foreign businesses before this year.

The new VAT regime provides a channel for businessmen to claim refunds of VAT assessed on certain goods, mainly raw materials.

This could help reduce the production costs of foreign businesses in China.

Exporters might also benefit from the new regime for the same reason.

They are now entitled to claim a monthly VAT refund from Chinese authorities, representing the VAT incurred on the acquisition of VAT-recoverable goods and services.

Foreign businesses engaged in industries, where the proportion of VAT-recoverable purchases as a percentage of turnover is high and where the new VAT rate is lower than the old CICT rate, may also benefit from the new regime.

However, China's tax collecting officials admitted that the new tax reforms have caused confusion and other problems.

The current high retail price level, which stood at more than 20 per cent during the first quarter, was partly due to the misunderstanding by many taxpayers on the new tax system.

They also failed to know the regulations on issuing special receipts for VAT and "blindly" raised their products' prices.

To cope with this situation, the government's tax collectors pledged to take prompt measures to ensure their smooth implementation, including sending working teams to grass-roots areas to enforce the new laws and the collection of State revenue.

Dong said a patient introduction of the country's new tax system to foreign businesses is especially crucial to the country's opening drive as well as the economic reform.

The reformed taxation system now specifies 11 items of tax collection on foreign-invested firms and overseas businessmen in China.

They involve industrial production, consumption, business operation, institutional and individual income, natural resources and land utilization, real estate, stamps, automobile and ships, and animal slaughter.

This year, some provinces and municipalities have also cut down their money collection on 21 categories of products manufactured by foreign-invested factories, Dong noted.

These products are mostly computers, TV sets, refrigerators, tape recorders, drinks, cigarettes, air-conditioners and a cluster of chemical goods.

Securities Commission To 'Coach' Companies

OW2105232894 Beijing XINHUA Domestic Service
in Chinese 0619 GMT 15 May 94

[Text] Beijing, 15 May (XINHUA)—The State Council Securities Commission noted at its fourth plenary session that it has decided to establish a system of coaching [fu dao 6534 1418] listed companies, with the belief that securities markets' healthy development is based on their good management. Beginning this year, an enterprise will be coached for six months before it is allowed to issue stocks. In 1995, to help businesses replace their operating mechanisms and regulate their operations, businesses with prospects of selling stocks will be coached for one year—six months before and six months after they sell stocks.

Liu Hongru, vice chairman the State Council Securities Commission and chairman of the China Securities Supervision and Administration Committee, chaired and addressed the meeting about the supervision of the securities market over the past year and what will be done next. The meeting maintained: Under the State Council's leadership and the guidance of its "Tightening Macroeconomic Control Over Securities Markets Circular," government authorities, securities commission member units, and securities supervision committees have given priority to drawing up a law governing the stock market and to supervising the law's enforcement and the stock market's performance, thus upholding the principle of "exercising control and supervision over the securities market according to law." A new order of the securities market, especially the stock market, has thus been established. Since 1993, businesses raised 22.6 billion yuan through selling 4.6 billion yuan of A-class stocks to individual buyers. Markets for B-class stocks have also developed. While developing the domestic stock market, calculated steps have been taken to develop stock markets abroad. Currently, eight businesses are now selling stocks in Hong Kong and other parts of the world. Of these eight, the stocks of seven are listed in Hong Kong. Fairly good results have been achieved in the great deal of work done in supervising the brokerage businesses' performance.

Analyzing the stock market, the meeting maintained that China's market is still in an embryonic stage, the nation should proceed cautiously step by step in developing its stock market, and it should make positive efforts in exploring a course for developing its stock market—a course which is in line with the nation's socialist market economic system—through improving various regulations and rules, strictly enforcing the law, and regulating the operations.

According to Liu Hongru, because of the coaching system, most of the public stocks will not be sold to individual buyers and corporations until next year—

with the exception of those stocks that have already been allotted to local authorities or departments. The meeting pointed out that the way to issue new stocks will be improved by requiring prospective buyers to open accounts at the stock market, by controlling price increases, and by lowering operating costs. To tighten supervision over the listed companies, certain regulations governing these companies' replacement of operating mechanisms will be drawn up. Moreover, to guard against manipulation and under-the-table deals, trading regulations and supervisory measures will be improved. Securities organs and brokers violating laws and regulations will be punished according to the law. To increase the number of long-term investors, positive efforts will be made to cultivate institutional investors, and investment funds open to society will be allowed to be established in China. Pilot projects for issuing B-class stocks will be expanded, and the marketing of H-class stocks and their supervision will be made more efficient. The meeting reiterated that businesses within China must have State Council Securities Control Committee approval before they can sell their stocks overseas. The meeting said that supervision over the stock market must be tightened, that the stock market must operate ethically, and that precautionary measures must be taken to guard against corruption.

The meeting examined and approved the measures drawn up by the China Securities Supervision and Administration Commission for regulating and stabilizing the stock market. These measures will be carried out step by step after full preparations have been made by the commission as well as by other relevant departments and committees.

Shanghai's Financial Situation 'Stable'

HK2305061794 Beijing CHINA DAILY
(BUSINESS WEEKLY) in English 22-28 May 94 p
4

[By Zheng Jie: "Financial Picture Looks Rosy"]

[Text] Shanghai's overall financial situation is stable and sound, though the supply of capital remains short, according to a top banking official.

Mao Yingliang, president of the Shanghai branch of the central bank, said recently that the development of the financial industry is compatible with the city's healthy economic growth.

According to Mao, local specialized banks added 22.6 billion yuan (\$2.6 billion) in deposits in the first quarter, surging 85 per cent over the same period last year.

Of the total, private savings deposits more than tripled from the first four months of 1993 to 10.9 billion yuan (\$1.25 billion).

On the premise of keeping the amount of lending within the limits drawn by the central bank, Mao said, financial firms have intensified their support of the key areas of the city's economy.

According to Mao, financial institutions extended 2.8 billion yuan (\$322 million) in loans in April.

Priority has been given to key national projects in the city and local pillar industries, including telecommunications, automobiles, chemicals and power, according to the president.

Mao noted that local financial reform is being carried out in an orderly way and that a breakthrough has occurred in the reform of the foreign exchange system.

Turnover on the Shanghai-based China Foreign Exchange Trade System, a national inter-bank centre for trading hard currency that officially opened early last month, has surpassed \$3 billion and HK\$2.7 billion [Hong Kong dollars].

In that time, according to Mao, authorized foreign exchange banks have bought \$790 million from businesses and sold more than \$400 million.

On the securities market, transactions in the January-April period totalled 243 billion yuan (\$27.9 billion), nearly 59 per cent higher than a year earlier.

Mao said the industry continues to open up, with 100 overseas financial operations having come in.

By the end of the first quarter, total assets of overseas financial firms amounted to \$2.9 billion, a rise of 16 per cent over the first three months of last year.

Though the situation is generally good, problems still exist, particularly in the supply of capital, Mao said.

Growth in production and inflation have contributed to rising demand for capital, Mao said.

New Investment Funds on Shanghai, Shenzhen Exchanges

OW2305074494 Beijing XINHUA in English 0711
GMT 23 May 94

[Text] Shanghai, May 23 (XINHUA)—China's investment funds have been expanded from a mere two in 1991 to over 60 at present.

These funds have raised more than 800 billion yuan so far, and about 30 of them have been listed on the stock exchanges at Shanghai and Shenzhen.

Experts here agree that the rapid development of China's investment funds is an outcome of the current reform of the banking system.

Being a new financial instrument, the investment funds will play an important role in stabilizing the securities market, and in the reform of the capital market and investment system, according to the experts.

The investment funds have invested 40 percent of their capital in securities and the rest in real estate and economic entities.

At present, about 200 investment funds with a combined amount of capital of 30 billion yuan are waiting for approval from the People's Bank of China (the central bank), which is working out regulations on investment funds.

Labor Ministry To Tighten Macrocontrol, Regulation

HK2205060594 Beijing ZHONGGUO XINWEN
SHE in English 0231 GMT 21 May 94

[Text] Beijing, May, 21 (CNS)—According to China's Ministry of Labour, the ministry will adopt several measures to strengthen its macro control and regulation over labour market and unemployment in the country.

First, the urban employment rate will be brought into line with the national economic plan and social development program and starting from this year, labour departments at various levels in the country, will draw up indicators for controlling the unemployment rate in urban areas.

Second, a supervision and control system for the urban unemployment will be set up and a warning line of the unemployment rate in urban areas will be defined in line with the economic development and employment situation and trend. Study on unemployment will be strengthened in order to control and report the unemployment rate in the country in a objective, correct and timely way. The country will strive to increase job opportunities and reduce unemployment rate through improving its macro economic policies for employment, investment, industries, tax and finance.

Third, the ministry will formulate its macro control and regulation standards and policies for the labour flow in the country as well as for foreign workers entering the country and through improving legal and economic measures including the employment permit system, regulate the scale, speed and direction of rural labour force flowing into cities and foreign workers entering the country.

Fourth, the vocational and technical training will be brought into line with the macro control and regulation system for labour force and the direction and scale of vocational training will be planned and regulated according to projections on gross volume and demand of labour force, gradually improving quality of the labour force in the country.

Fifth, indicators for scale and speed of surplus labour force from enterprises to the society will be defined and this problem will be properly tackled.

Labor Ministry To Control Number of Foreign Workers

HK2105081794 Hong Kong SOUTH CHINA
MORNING POST in English 21 May 94 p 7

[By Agatha Ngai]

[Text] Presidents of Taiwan, Hong Kong and Macao working on the mainland will have to apply for a work permit and have it renewed annually as China tightens its control of the labour market. Residents from the three areas will need valid permits from early this year.

Labour Ministry spokesman Liu Guanxue said the move was aimed at controlling the number of foreign workers. The growth of foreign workers threatened opportunities for local people he said. Exact quotas had not been fixed, but Mr Liu said the application fee for permits would be "minimal".

New regulations make employers responsible for applying for permits for their staff from labour bureaus. Applications then go to the Labour Ministry for approval. Failure to comply with the procedures would result in the disqualification of employees from working in China.

Applicants for permits should hold travel documents and would be required to provide evidence of their qualifications to prove their calibre and experience. The regulations also stipulate all employment contracts should follow Chinese law. The Labour Ministry would resolve contractual disputes by reference to the local legislation.

Outlawed Labor Organisation 'Getting Stronger'

HK2305094094 Hong Kong EASTERN EXPRESS
in English 23 May 94 p 9

[By A.R. Wilkie]

[Text] Dissidents who are on the run from the Chinese police say their outlawed labour organisation is getting stronger, even though two of its leaders are in jail and a third has fled the country.

Liu Mianchun, who was detained briefly during the visit by the U.S. Secretary of State, Warren Christopher, has so far escape.] arrest while travelling in east China, gathering support for his Alliance for the Protection of Labourers Rights—or the Labour Alliance.

The Labour Alliance, which models itself on the Polish union Solidarity, claims to have a core membership in several provinces.

"Give us until the end of the year, and we will have a national framework," Liu said.

"We need six months to set up an organisation in every provincial capital and in the big cities," said Zhang Lin, another labour organiser who is also travelling around the country.

"We are looking for people who have been in prison, who have stood up well under pressure, people with that sort of experience. We can't have weak-willed people who are going to betray their comrades and their friends," he said.

The Labour Alliance says it carefully examines the qualifications of potential members and is setting up several levels of membership. The front line will campaign openly, but behind it will be second and third tiers operating covertly and waiting to take the place of the front line should its members be arrested.

Faced with such an organisational structure, the Communist Party cannot fail to be aware of the parallels with its own early revolutionary years.

It is impossible to gauge the support for such organisations as the Labour Alliance. Activists claim a membership of 300 but an effective police sweep of key figures—who may total no more than a few dozen people around the country—could probably cripple the fledgling organisation.

Two organisers, Yuan Hongbing and Zhou Guoqiang, are already in jail, as is Xiao Biguang, a friend of Yuan. Another organiser, Wang Jiaqi, a close colleague of the exiled labour leader Han Dongfang, was also arrested but later escaped and fled the country.

Predictions that the Labour Alliance could mount a genuine challenge to the Communist Party are premature.

But the Communist Party is clearly worried because it is aware that dissatisfaction among the peasantry and workers is ripe for exploitation by competing political forces. While the Labour Alliance is concentrating on the peasantry and state workers, other activists are trying to establish independent trade unions in joint ventures in China's southern boom towns, where working conditions are sometimes comparable to sweatshops.

According to the activists, some smaller, pro-democracy organisations have joined the Labour Alliance. To do this, the organisations agree to give up advocacy of violence and abide by the rules of the Labour Alliance.

"Some organisations don't want to give up their advocacy of violence," Zhang said.

"Other people think we're too dangerous because this is organised. It is completely different from the individual dissent of the past."

Support for the Labour Alliance is also coming from hitherto more conservative groups, according to labour activists. They claim that Christians are increasingly seeing political struggle as the only way ahead. Younger members of the officially-sanctioned democratic parties are increasingly frustrated by these parties' lack of substance, and are also turning to overtly pro-democracy, if illegal, organisations.

It is not clear whether this is a widespread trend or just a few isolated cases of interest in the Labour Alliance. It does seem, however, that the Communist Party is eager to crack down on the unofficial church—aware that it could become a focus for political dissatisfaction, as it did in Eastern Europe.

Further evidence that the leadership is nervous as the fifth anniversary of the Tiananmen massacre approaches came from Beijing University last week. Last Monday cadres at the university, which was at the heart of the 1989 anti-government demonstrations, held a meeting at which they were told to heighten vigilance in the run-up to June 4. Although students are not known to have formed a pro-democracy organisation at the university, activists are at work, a source said.

"Leaflets commemorating those who were killed on June 4, 1989, are appearing in dormitories, slipped under doors in the middle of the night," a former student, with links on the campus, said.

However, pro-democracy campaigners say that much as they would like to hold protest activities around that time, security may be too tight.

All state work units have been ordered to have three people—the leader, a secretary and a driver—on duty 24 hours a day from now until after the danger period is over. They are expected to react immediately if there are protests in the vicinity, and to keep a close eye on their own workers.

Government Committed To Creating More Jobs

OW2205024994 Beijing XINHUA in English 0049
GMT 22 May 94

[Text] Shenyang, May 22 (XINHUA)—The Chinese Government is committed to create as many jobs as possible in carrying out the labor reform, according to a senior government official.

Speaking at a recent conference on labor restructuring here, Zhu Jiazhen, vice-minister of labor, said that the labor reform and related reforms in distribution and social security have been carried out smoothly all over China.

The labor reform involves all enterprises with different ownerships, while a number of labor-related laws will be formulated soon, he said.

One result of the reform is that China now has 55 million contractual workers, he revealed.

"I believe that the labor reform will facilitate the establishment of a modern enterprise system, the expansion of a market economy and improvement in productivity," he told the conference.

On the other hand, businesses will also have more and more surplus workers, he said.

It is, therefore, essential to the success of the labor reform to balance the relations between the labor reform and employment, he noted.

China has 600 million laborers, more than any other country. So the Chinese Government has the responsibility to create as many jobs as possible for an increasing number of job seekers, he said.

The solution to the unemployment problem requires concerted efforts of enterprises and society as a whole, the vice-minister said.

Most importantly, the solution lies in expanding the country's economy, readjusting its industrial structure and boosting its service sector, he added.

Laborers should be encouraged to renew their concepts of value and find jobs through markets, he said.

"Why is it that so many farmers can find jobs in cities, while many urban residents cannot? Because many urban residents seek white-collar jobs only, which are limited in number," he said.

The vice-minister also pointed out that the introduction of a social security system is crucial to social stability and the success of the labor reform.

The reform of the medical service system has been carried out throughout China, he said.

A province-wide health insurance scheme to which employers and the employees pay a proportion of salary has been launched in 13 provinces, he said.

East Region

Mayor Huang Ju on Shanghai's Reform, Opening Up

OW2405095894 Shanghai WEN HUI BAO in Chinese 13 May 94 pp 1-2

[Speech by Huang Ju: "A Shanghai Which is Embarking on Reform and Opening Up is Making Great Strides Toward the New Century," during the 1994 International High-Level Economic Forum in Beijing on 12 May]

[Text] 1. The Status of Shanghai in China's Reform, Opening Up, and Economic Development

The salient features of the contemporary international economy are economic openness and a trend toward economic integration. A unique position dictates that Shanghai, being a metropolis in the Orient and China's largest economic center, should bring its superiority into full play, directly join the international division of labor, be a member in the grand international economic circle, and promote the development of the international economy together with other modern international cities.

Geographically speaking, Shanghai is situated at the confluence of China's golden coast and the Chang Jiang's golden waterway. The Chang Jiang Basin has long been called the dragon of the Chinese economy. Its population and land area account for two-thirds and one-fourth, respectively, of China. It produces 40 percent of China's gross industrial and agricultural output value. As Shanghai, which is called the "crossing point of river and sea and the metropolis of southeast China," has access to information, a pool of skilled people, and a good transportation network, it ranks top among the coastal cities along the Chang Jiang and even in the entire country in terms of industrial, commercial, trade, technology, and financial levels and their input/output and investment return rates, as well as the differential rent levels.

Seen from the market environment perspective, Shanghai is the most important hub linking China's market to the international market. Historically, Shanghai has been an important center for distribution and transshipment of domestic and foreign goods and has been known as the "number one port among the five treaty ports that have been open to foreign trade." At a time when China is fully opening itself up to the outside world, Shanghai is not only going all out to restore, but also consolidate its top position. It has become a large exchange center for domestic and foreign capital, commodities, technologies, skilled personnel, and information. Shanghai's function as a market hub is made all the more pronounced with the stepped-up construction of such modern transportation facilities as airports, harbors, railways, and expressways, with the successive establishment of a number of state-level financial and

production-factors markets, as well as the construction of the Pudong Waigaoqiao Bonded Zone, the largest bonded zone in China.

Seen from the perspective of reform, opening up, and development, Shanghai is now standing at the forefront of China's reform and opening up in the 1990's. Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics has brought about an epoch-making transformation to China as a whole. With the implementation of the strategy to develop China's coastal economy in the 1980's, the Zhujiang Basin in south China took the lead in realizing an economic take-off. With the marked increase in the nation's economic strength and the gradual formulation of a strategy for comprehensive reform and opening up in the early 1990's, the Changjiang Basin, with Shanghai as the "locomotive," began to become the important center for China's reform and opening up drive. In April, 1990, the Chinese Government made a strategic decision by opening up and developing the Shanghai New Pudong Zone and called on Shanghai to build itself into one of the international economic, finance, and trade centers. This indicated that Shanghai moved from the sidelines and stepped into the limelight of China's reform and opening up.

2. Shanghai's Reform and Opening Up and Economic Development Have Entered a New Period

Here, I would like to report on the economic development, reform, and opening up in Shanghai since the 1990's, particularly in the last several years.

(1) The national economy enters a sustained and rapid development stage. In the past, Shanghai's overall economic development speed was lower than that of the nation's average level due to the long practice of a planned economic system. In the entire 1980's, while the nation's GNP grew at 9 percent, Shanghai grew only at 7.4 percent. Shanghai gradually stepped up its development and began to enter the stage of sustained and rapid growth. The municipality scored a GNP growth rate exceeding 14 percent both in 1992 and 1993. Quality of the economic growth, in particular, was greatly enhanced. A number of such new pillar-industries such as car-manufacturing, communications, electronics began to take shape. The proportion of tertiary industry in the municipal national economy grew from 21 percent in 1980 to 38 percent in 1993. It is expected that in the next few years, Shanghai's industrial structure will be further upgraded in a rational manner and the national economy will continue to maintain the momentum of a sustained, rapid, and healthy development.

(2) Economic structural reform has been carried out in a comprehensive manner. Since the beginning of the 1990's, Shanghai has carried out indepth reform centering on reforming enterprises, markets, and government's administrative structures, and has scored a number of breakthroughs in progress. It has carried out comprehensive enterprise reforms. Nearly 90 percent of

state-owned large and medium-sized enterprises adopted various ways to change their operation mechanisms. By the end of 1993, 118 enterprises became limited liability companies, 92 of them became listed companies. Nearly 3,000 state-owned and collective-owned small and medium-sized enterprises experimented with joint stock operations. Some enterprises practiced contracting and leasing operations. The market system was improved. Eleven state-level exchange centers and large-scale exchange markets including securities, metals, grain, and cooking oils were opened one after another, with total transaction amounting to 1,000 billion yuan in 1993, of which the securities exchange market's stock transactions amounted to 520 billion yuan. The foreign exchange regulatory market's transactions in 1993 reached \$5.3 billion, up 45 percent from 1992. In the course of a rapid transition from a planned economy to a market economy, the municipal government began to switch from a direct control of the economy to an indirect one and to gradually improve and enhance the economic regulatory and control system.

(3) A new pattern of opening up to the outside world is gradually taking shape. With the constant improvement of the soft and hard investment environment, more and more foreign businessmen came to invest in Shanghai over the last two years. Some 100 world-famous transnational companies like Dupont from the United States, Mitsubishi, Hitachi, and Sharp from Japan, Volkswagen from Germany, Bell from Belgium, and the Charoen Pokphand Group from Thailand invested in Shanghai. Some 2,000 foreign enterprises recouped their investment and begun to earn profits. In 1993, Shanghai approved over 3,800 foreign investment projects, of which 3,600 were direct foreign investment. Of the \$7.79 billion negotiated foreign investment fund, \$3.175 billion was actually invested. Sectors that were opened up for foreign investment also expanded from industrial sectors to other sectors including finance, real estate, domestic and foreign trade, and consultation service. Shanghai approved the opening of 28 foreign bank branches. Shanghai is becoming an open city which has adapted to the development of the world economy.

(4) Our efforts to develop the New Pudong Zone have gradually been shifted from building infrastructure facilities to promoting the function of such facilities. In the early 1990's, the Chinese Government decided to develop Pudong. This decision encouraged both Chinese and foreign investors. The construction and development in Pudong were particularly noteworthy as shown in the fact that funds kept flowing into this zone through various channels. The volume of fixed asset investment increased by more than 200 percent every year. By 1993, such investment reached 16.5 billion yuan, representing a growth of nearly 11 times that of 1990. Infrastructure facilities for transportation, energy, communications, and environmental protection, including such backbone projects as the Nanpu Bridge and the Yangpu Bridge, were accomplished one after another, creating to the fullest extent, conditions for improving Shanghai's

investment environment. Four key functional sub-zones have been fully developed and put into operation. By the end of 1993, more than 200 projects have been built in the Jinqiao Export Processing Zones. The acreage of the Waigaoqiao Bonded Zone has been expanded to 10 square kilometers, with nearly 200 Chinese and foreign enterprises operating in it. Construction of 54 skyscrapers is under way now in the Lujiazui Banking and Trade Zone. The Zhangjiang High Technology Zone has been put into operation. In 1993, the GNP gained in the New Pudong Zone reached 16.4 billion yuan or, if calculated in terms of comparable price, a 200 percent increase over that of 1990.

(5) Large scale infrastructural construction projects have been launched. Friends who visited Shanghai were surprised by the central district's dense population and its narrow, twisted roads lined with shabby huts, and full of slow-moving traffic. This situation is undergoing a rapid change. In the early 1990's, Shanghai began to fundamentally get rid of a situation in which urban infrastructure facilities lagged behind economic development. The infrastructure facility investment over the past two years is larger than that of the 1987-1992 period. The Shanghai-Jiading and Shanghai-Songjiang Superhighways, the Bund Overall Renovation Project, the renovation projects for Yanggao Road in Pudong and Jiangsu Road in Puxi, the overall renovation projects for Huaihua Road—a famous commercial district, as well as other major urban transportation projects, have been accomplished one after another. In terms of the length and the acreage of the roads, last year Shanghai witnessed an increase of 62 percent and 53 percent, respectively, over the previous year. The construction of the Line One Subway, the Inner Traffic Link, the Chengdu Viaduct, and other projects are now in full swing. They are expected to be finished and put into service by the end of this year. It is expected that these projects will improve Shanghai's traffic condition. Breakthrough progress has been made in renovating old housing districts. In 1993, Shanghai accomplished its housing renovation projects with a total floor space of 2.58 million square meters. It is expected that Shanghai will basically accomplish the task of renovating old housing districts by the end of this century.

3. The Prospect For Shanghai's Reform, Opening Up, and Economic Development

The twenty first century will be a century for great changes in the world's economic scene. Representing a forerunner of China's reform and opening up drive, Shanghai faces an once-in-a-thousand-year opportunity for development. It takes great courage, profound wisdom, long-term strategy, and clear thinking to seize the opportunity and meet the challenge. In light of the overall pattern for the state's economic development, reform, and opening up, Shanghai has adopted its strategic goal for the next century. We are ready to build Shanghai into one of the world's economic, banking, and trade centers in about 20 years of time. Pudong will

basically be turned into a new urban district—an export-oriented, multi-functional, modern area boasting the top world standards. The following three steps are needed to achieve this goal: To lay a foundation before 1995, to form a framework before 2000, and to basically realize the goal before 2010.

To achieve its long-term development goal, Shanghai will devote its efforts to the following tasks in the 1990's: While taking the lead in the establishment of the operation mechanism of a socialist market economy and striving to maintain around 10 percent GNP growth, Shanghai will accelerate the pace of allowing the domestic economy to dovetail with the international economy. The city will carry out a series of major measures that are suitable to Shanghai, including:

(1) In accordance with the policy of improving Shanghai's economy quicker and better than other localities, Shanghai will carry out a comprehensive reform of the enterprise system. Shanghai is a place where state-owned enterprises, and especially state-owned large and medium-sized enterprises, concentrate. Bringing into full play the guiding role of the state-owned economic sector will be of great importance to achieving the goal of developing Shanghai's economy. To achieve this goal, Shanghai will spare no efforts in reappraising the stocks and assets of enterprises, defining property rights, appraising properties and other fundamental work so as to accelerate the establishment of a modern enterprise system. Enterprises with favorable conditions should adopt the corporate system, with the limited responsibility company as a main form. Efforts should be made to improve enterprises' organizational systems and set up large chain enterprises, conglomerate firms, enterprise groups, and multinational companies. In this way, we can help enterprises enter the highly competitive domestic and international markets as an army group and turn them into a major factor for promoting Shanghai's economic development.

(2) To accelerate the establishment of a modern large market system that extends over all regions. Shanghai will devote itself to setting up markets for stocks, futures, off-shore banking, gold trading, foreign exchange, and real estate—all of the things that embody the functions of a metropolitan city. It will take active measures to create favorable conditions to allow the domestic economy to dovetail with the international economy. It will form as soon as possible a modern large market system facilitating the circulation of domestic and international funds, commodities, technologies, talented personnel, and information.

(3) To form a large batch of modern industrial enterprises. Shanghai will accelerate the strategic adjustment of its industrial structure. It will focus on the development of banking, trade, real estate, tourism, and other tertiary industries. It will accelerate the development of pillar industries such as limousines, electronic communications, steel, petrochemical industry, chemical industry, and power station equipment. It will take

active measures to promote high and new technological industry, with the focus on microelectronic and bioengineering projects. In this way, Shanghai will be able to bring its industrial advantages into full play. By the end of this century, these industries will become industries with an economic scale of more than scores of billions of yuan. Their added output value will account for more than 50 percent of Shanghai's GNP.

(4) Shanghai will accelerate construction of urban infrastructural projects that are suitable for a modern cosmopolitan city. In accordance with the requirements for developing a modern cosmopolitan city, Shanghai will comprehensively carry out a series of infrastructural construction projects including telecommunications, energy resources, water supply, sewage, and environmental protection, while regarding the overall communications programs as its key projects. Shanghai will accelerate construction of a second international airport, the Pudong International Telecommunications Center, an all-weather deepwater port, underground railways across the whole municipality, and ring roads. Eventually Shanghai will become a modern cosmopolitan city that has rational urban structural designs, advanced traffic networks, efficient telecommunications facilities, and a favorable ecological environment.

(5) Shanghai will further develop and open up Pudong to the outside world. With a total area of about 520 sq km, the Pudong New District is more than seven times the size of Puxi's central urban areas, is a new domain for Shanghai to develop its economy, and has enormous potential for further development. Shanghai will initially implement a comprehensive policy of reform and opening up in the Pudong New District in an effort to accelerate its development and opening up in an all-around manner. By the year 2000, Pudong will have an urban area of 100 sq km with an increased GNP value of 50 billion yuan. After accelerating the pace of reform and opening up, the Pudong New District will eventually become a pioneer and exemplary zone linking Chinese and international markets in an all-around manner.

(6) Shanghai will gradually implement a strategy for establishing the greater Shanghai metropolitan sphere. To achieve its future economic progress, Shanghai must make full use of the advantages of its special location, and comprehensively develop all its strategic economic aspects for progress. In accordance with the concept of "restructuring the central urban areas, building more secondary cities, upgrading the system of suburban cities and towns, and strengthening the link with a network of neighboring cities," we will establish the greater Shanghai metropolitan sphere that "has several groups and circles with different centers which will, in turn, have ripple effects on one another." The greater Shanghai metropolitan sphere will have four different circles including a modern financial and trading circle, a highly-specialized processing industrial circle, a highly-efficient agricultural circle, and a circle of neighboring cities. Hence, Shanghai will make fresh contributions to

eventually orchestrating economic progress in the Changjiang River delta and to rapidly enhancing China's economic development.

When the time comes, we will cruise smoothly in the sea, cross the oceans, and face the world. Shanghai people are enthusiastically and unremittingly designing a blueprint geared to the 21st century. Global economic prosperity relies on joint efforts of mankind. Today Shanghai, with its ongoing reform and opening up to the outside world, yearns anxiously, as never before, to enhance cooperation and exchanges with various countries in the world. To realize its splendid objectives of development, Shanghai must face the world and open up to the outside world in an all-round manner. At present, Shanghai has become China's most favorable area for investors. I sincerely hope old and new friends from various countries in the world will come to invest and launch joint ventures in Shanghai so as to share together the forthcoming enormous benefits that will arise from the invigoration of Shanghai and from the development of Pudong.

Shanghai Announces Industrial Technology Targets

HK2305150294 Beijing ZHONGGUO XINWEN SHE in English 1110 GMT 23 May 94

[Text] Shanghai, May 23 (CNS)—Shanghai made known its target for progress in technology to be achieved by industry and enterprises this year.

—The development of the backbone industry and new high technology industry will be accelerated in their exploitation. The sales value of pillar industry, including automobile, communications equipment, power station equipment and computer, will increase by 30 percent over last year. There will be 20 other key professions to have their sales value rise by 25 percent.

—Quality of products will be improved, which will then reach the international standard. There will be 400 enterprises to have their product quality upgraded to various extents during this year. About 80 percent of main industrial products will reach the international standard of the 1980s, and 10 percent that of the early 1990s. Meanwhile, old fashioned products will be eliminated.

—Exploitation of new products will be sped up with some 20,000 new items to be developed within this year, about 50 percent of which will be available in the market following appraisal and inspection. This scheme will be centered on those items on trial production which register an annual output value of RMB 10 million [renminbi] and new items whose annual output value is estimated to be over more than RMB 100 million. The newly-increased output for all these items is put at RMB 11 billion.

—Foreign capital will continue to be used for renovation of old enterprises. There are 3,000 items across the

municipality to bring in foreign investment during this year. The number of items each valued at over U.S.\$10 million is 100. The target is set for the introduction of 80 world known companies into Shanghai to make investment which can help achieve an increased output value of RMB 40 billion.

The Vice Mayor Mr. Jiang Yiren who is in charge of industry and economy outlined the basic idea for technological progress involving industry and enterprises. The idea mainly lies in making the market a core and in speeding up the structural adjustment as well as upgrading the economic results achieved by pillar industry. It also covers the acceleration of technological renovation in the course of the reform of the enterprise management. Modern enterprises will be set up through means of technological renovation and joint venture. Foreign capital will be fully used for the improvement of technology involved, while model and quality of products will be continuously renewed.

Shanghai Achieves 'Basic' Environmental Protection

OW2405035594 Beijing XINHUA in English 0318 GMT 24 May 94

[Text] Shanghai, May 24 (XINHUA)—This, China's largest metropolis and economic center has a basic system in place to prevent deterioration of the environment.

"The amount of major discharged pollutants has dropped and the quality of the local environment has improved vastly," Lu Shuping, a specialist in environmental protection, said.

"But noise pollution is getting worse," noted Lu, also director of the Shanghai Municipal Bureau of Environmental Protection.

Shanghai, with a population of more than 13 million, is China's largest industrial city.

To ensure that its people to live in a clean environment, the municipal government has adjusted its industrial structure and industrial locations in a scientific and rational way in recent years. At the same time it has concentrated on the treatment of water and air pollution, along with the construction of infrastructural facilities and basic industries.

As a result, the director noted, the quality of water and air has improved to some degree, but noise still exceeds the set standard due to the construction of urban facilities and the increase in the number of motor vehicles.

According to the latest statistics, the amount of discharged industrial waste water in 1993 was 6.52 percent less than in 1992, and that of water after treatment increased by 5.47 percent.

The rate of industrial waste water treated last year reached 82.3 percent, up 5.3 percent over the previous year.

According to the statistics, the amount of discharged domestic sewage last year went up by 105 million tons and that of sewage treated by 96.9 million tons.

All this shows that Shanghai discharges an average of 5.567 million tons of waste water a day, of which 63.1 percent is industrial-use water and the rest domestic sewage.

According to the expert, the amount of sulphur dioxide, smoke and industrial dust, which are regarded as major pollutants in waste gases, shrank by 14.1 percent, 15.9 percent and 3.4 percent, respectively, last year over 1992.

The rate of utilization of solid industrial pollutants is 83.7 percent and that of the treatment of garbage 71.6 percent.

According to the director, the main pollutants in local water are ammonia, nitrogen, chemicals and oil.

A recent survey on the upper reaches of the Huangpu River showed that the water quality was better than in 1992 and the amount of dust in the air over the city was less than in 1992.

Lu said that the municipal government is working out an overall program to clean and beautify the environment so as to control pollution and improve the quality of the surroundings.

The program includes construction of sewage treatment, waste water discharge and garbage disposal projects.

In addition, the municipal government will strengthen noise control, including banning the use of motor vehicle loudspeakers.

It will also develop cooking gas facilities and plant more trees, flowers and lawns in and around the city, Lu said.

Central, Local Governments To Share Xiamen University Costs

OW2305172594 Beijing XINHUA in English 1417
GMT 23 May 94

[Text] Beijing, May 23 (XINHUA)—The State Education Commission from this year forward will share costs for selected universities with local governments.

A spokesman announced here today that the commission will jointly build Xiamen University with the Xiamen Municipal Government.

The university, which is located in the Xiamen Special Economic Zone facing the Taiwan Straits, was previously mainly financed by the central government.

In the next four years beginning this year, the Xiamen Government will provide 10 million yuan each year to support the university, with the State Education Commission providing the rest.

Another three universities and colleges jointly built by the State Education Commission and the local government are in Shanghai. They are Fudan University, Shanghai Communications University and Shanghai Foreign Languages College.

The reform is the latest effort to ease the funding difficulty in universities. Teachers' salaries are expected to rise after the reform.

The local governments will acquire part of the rights to run those universities.

Shandong Solicits Foreign Investment in Urban Projects

HK2405062494 Beijing ZHONGGUO XINWEN
SHE in English 1406 GMT 23 May 94

[Text] Jinan, May 23 (CNS)—Shandong has planned to stage a series of economic and trade negotiations meetings both at home and abroad including Hong Kong, Japan, South Korea and Germany this year at which the Provincial Commission of Construction will offer its all [as received] urban construction items for foreign investors.

—These items cover construction of roads, bridges and fly-overs, projects of lighting installation, public traffic, underground railways, light-track lines, gas, electricity, gardens, scenic spots and public environment as well as technology, equipment and materials used in industry, commerce and culture.

—Construction and management of these items can be carried out both in solely foreign-funded and Sino-foreign jointly-funded ways. In order to lure foreign investment, the province will formulate a series of favorable policies for this sector.

Central-South Region

Guangxi's Nanning Sees Inflow of Overseas Investments

OW2405095294 Beijing XINHUA in English 0828
GMT 24 May 94

[Text] Nanning, May 24 (XINHUA)—The ever-improving investment environment in this capital of the Guangxi Zhuang Autonomous Region has brought in a steady flow of overseas investment, according to Nanning Mayor Xie Ruxuan.

Xie said that in the first four months of 1994, Nanning signed 40 cooperation projects with overseas firms, involving 18 million U.S. dollars in total foreign investment.

In 1993, the city approved the establishment of 242 foreign-funded firms, involving 82.4 million dollars in total overseas investment, he said.

Nanning currently has 386 foreign-funded businesses in such areas as transportation, energy, farming, construction, finance, commerce and real estate, the mayor said.

Of the 386 businesses, 19 involve an investment of at least 10 million dollars each, he added.

Since 1992, Nanning has stepped up infrastructure construction to pave the way for the influx of overseas investment, he said.

For example, the capacity of automatic telephone exchanges in the city soared to 65,000 lines in 1993 from 15,000 lines in the previous year.

Xie announced that an investment fair and a commodities fair will be held in Nanning June 15-18 to seek overseas investment in urban construction and property development, he said.

Hainan 1993 Procuratorial Work Report

HK2405010894 Haikou HAINAN RIBAO in Chinese 3 Apr 94 p 2

[Report by Qin Xingmin, chief procurator of the Hainan Provincial People's Procuratorate, to the Second Session of the First Hainan Provincial People's Congress on 3 March 1994: "Work Report of the Hainan Provincial People's Procuratorate"]

[Text] Deputies,

In 1993, the provincial procuratorial organs at all levels conscientiously carried out the work deployment of the provincial party committee and the Supreme People's Procuratorate, put into practice the guidelines of the First Session of the First Provincial People's Congress, effectively performed the basic duties of procuratorial organs regarding "cracking down on crime, protecting the people, supervising law enforcement, and serving the economy," stuck to the work principle of "strictly enforcing the law and taking firm control of handling cases," firmly grasped the work focuses of anticorruption struggle and severe crackdown on serious criminal offenses, and intensified the supervisory work of law enforcement and the building of procuratorial personnel, so that new progress was made in all fields of endeavor. I should now like to brief you on the conditions of our major tasks as follows:

I. Resolutely Carrying Out the Unified Deployment of the Party's Central Committee and Provincial Party Committee on Anticorruption Struggle and Concentrating Our Efforts on Checking and Acting on Major Important Cases of Corruption and Bribery

In 1993, procuratorial organs at all levels across the province accepted and heard 527 cases of economic crimes including corruption, bribery, and so on, and

placed 177 cases on file for investigation and prosecution. Of the total, there were 89 corruption cases, 17 bribery cases, and 49 cases of misappropriation of public funds; there were also 134 major cases involving 10,000 yuan or above, which accounted for 75.7 percent of the total cases filed for prosecution, higher than the national average of 29 percent. Of the major cases involving more than 10,000 yuan, five cases involved between 500,000 and 1 million yuan, and nine cases exceeded 1 million yuan. In these important cases, seven cadres at and above county departmental level were investigated and acted upon. In addition, 13 cases of tax evasion or tax resistance and five cases of forged trademarks were filed for investigation and prosecution and legal proceedings were also instituted against 129 offenders. Economic losses recovered for the state and the people amounted to 74.24 million yuan. Taken as a whole, relatively remarkable achievements have been made by the province's procuratorial organs thanks to their clear-cut guiding ideology on the anticorruption struggle. After Comrade Jiang Zemin's speech at the Second Plenum of the Central Commission for Discipline Inspection was published, the provincial party committee called an enlarged meeting of the standing committee to make arrangements for the anticorruption struggle, thus creating a favorable macroclimate for the struggle. In light of the deployment made by the provincial party committee and the Supreme People's Procuratorate, the party group of the provincial people's procuratorate successively called a number of special meetings to study the anticorruption struggle. Our general idea was: While waging the struggle, the procuratorial organs should fight on two fronts—1) in society, we should resolutely punish economic criminals involved in corruption, bribery, and so on, increase the crackdown intensity, and stop the corrupt phenomena from spreading; and 2) within the ranks of cadres, we should intensify education on honesty and self-discipline, concentrate our efforts on rectifying malpractices, severely check and act on the corrupt elements who seek personal interests by abuse of power, and purify the contingent of procuratorial personnel. In line with this idea, we made concrete assignments for the procuratorial organs throughout the province to carry out the anticorruption struggle in timely fashion. As a result, the province's procuratorial organs at all levels took prompt action to conscientiously put into effect the central instructions on the campaign against corruption and, in light of the requirements set by the provincial party committee and the people's procuratorate, concentrated their energy on investigating and dealing with the major important cases, thereby starting an upsurge in handling cases. The number of cases filed for investigation and prosecution since last August increased substantially compared with the first half of the year. The number of cases accepted and heard during the five months from August to December was 159 more than that in the previous seven months, while the number of cases filed for investigation and prosecution and the number of major important cases identified and dealt with were 29 and 30 cases more respectively than those in the previous seven months. Several exceptionally big

cases which had a bearing on society were also checked and acted upon, which included the frame-up and bribe-taking case of Li Shanyou, former deputy secretary general of the provincial government office; the fund misappropriation and bribe-taking case of Jia Xiaoming, former clerk of the international business department of the People's Construction Bank of China, Hainan Branch; the embezzlement and bribe-taking case of Lin Guangsen, general manager of Hainan Kanghai Industrial Corporation; and so on. In addition, we also organized various forces to participate in checking and dealing with the "17 December" extraordinarily serious tax fraud and the exceptionally big swindling case of the Great Wall Science and Technology Industrial Company which shook the entire country. While paying serious attention to placing cases on file for investigation and prosecution, procuratorial organs at all levels also took the settlement of cases as a significant aspect which reflected the achievements of investigating and dealing with major and important cases in that stage. They investigated and wound up a number of cases in a timely manner and, in coordination with the courts, prosecuted and openly dealt with a number of criminal offenders. For example, the Haikou City People's Procuratorate concentrated its picked personnel on handling and winding up the most serious bribery case since the PRC's founding at a fast speed by working extra hours, where five principal criminals, including Xue Genhe, were sentenced to death according to the law in late September and three other criminals were sentenced to imprisonment for set terms. Another criminal, Jiang Wei, former head of the provincial planning department, who was investigated by the anticorruption bureau of the provincial people's procuratorate for his involvement in the extremely big bribe-taking case, was prosecuted by the people's court and sentenced to life imprisonment and deprived of his political rights for life in mid-October.

In summing up the anticorruption work over the past year, particularly since last August, we have adopted the following principal measures:

1. We conscientiously intensified leadership and guidance over the anticorruption work. At the beginning of last year, the provincial procuratorate sent four work teams led by members of the party group to go deep into the grass-roots units, inspect their work, and provide them with guidance. In the second quarter, it again enlisted four work teams to help grass-roots units screen the accumulated cases and place new cases on file for investigation. In April, a forum of the provincial chief procurators was held to put into effect the guidelines of the Supreme People's Procuratorate on the intensification of the anticorruption struggle. The provincial people's procuratorate issued a circular to the lower levels on the enhancement of anticorruption work and a provincial meeting on case reporting work was also held at the end of that month. In July, we convened the second provincial procuratorial work meeting, at which we adopted the "Decisions on Further Enhancing Anticorruption Work

To Serve the Socialist Market Economic Development in the Special Economic Region" and the "Decisions on Launching Law Enforcement Activities Among the Procuratorial Organs Throughout the Province" with the contents of enforcing the law in a strict, open-minded, honest, and civilized way. In the second half of August, we called an emergency teleconference on anticorruption work to promptly transmit to the lower levels the spirit of the central authorities on the campaign against corruption, proposing nine concrete measures for anticorruption struggle in accordance with the actual conditions of Hainan, including: Calling for provincial procuratorates at all levels to publicize their telephone numbers for case reporting once again; practicing a system under which mass reporting was accepted 12 hours a day and chief procurators would receive informants on certain days; setting up a command and coordination center for investigating and handling major important cases; publishing FANTAN KUAIXUN [NEWSLETTER ON CAMPAIGN AGAINST CORRUPTION]; dividing the province into eastern, central, and western battlefields and enlisting special forces to give guidance to the handling of cases in the respective battlefields; stressing the importance of chief procurators' taking the initiative in handling cases, particularly the major and important ones; and so on. According to statistics, of the 25 procuratorates in the province, 31 cases involving corruption, bribery, and others were investigated and dealt with personally by chief procurators and 59 cases were handled with their participation. By so doing, they set a very good example for the procuratorial personnel. In November, we again held meetings in the abovementioned three battlefields, calling for procuratorial organs at all levels across the province to firmly grasp the work in the last two months of the year and concentrate efforts on investigating and solving some more cases, prosecuting some other offenders, and coordinating with the courts for public trials for a number of cases to reflect the achievements at that stage.

2. We took powerful measures to mobilize the masses to report cases. Early last year, the provincial people's procuratorate and HAINAN FAZHI BAO jointly sponsored an "award competition on legal knowledge of the campaign against corruption and bribery" and comparatively good social results were scored. In the course of implementing the central guidelines on anticorruption since August, the procuratorial organs at all levels throughout the province had positively coordinated with various party committees and governments in conducting propaganda and mobilization work on a relatively grand scale, and various localities had made use of newspapers, radio stations, television stations, and other media to openly reveal a number of typical cases. Chief procurators also made televised or broadcast speeches. In the meantime, telephone numbers for case reporting were made public again and boxes for case reporting increased in number. Some county and city procuratorates also sent propaganda cars to tour villages, factories, mines, and farms to extensively mobilize the masses to report economic crimes of corruption, bribery, and so

on, thereby releasing the enthusiasm of the masses for case reporting. In September alone, 173 cases were reported and accepted for hearing, which was 3 times more than the figure for the previous eight months, i.e., 55 cases on average. In October, the number of cases increased by 18 percent over September. During the five months between August and December, 788 cases were accepted and heard, 92.7 percent more than in the corresponding period of the previous year, and 379 cases more than those for the first seven months in 1993. This was the peak period with the largest number of cases reported and accepted since the founding of the reporting centers of the provincial procuratorial organs. Moreover, there was a special feature of "three mores and one greater," i.e., more signed reports on cases, more clues provided for major and important cases, and more reports concerning key departments, with a greater value for investigation.

3. We stressed the key points and concentrated our efforts on investigating and dealing with the criminal cases concerning the key departments. In light of the requirements of the central authorities, procuratorial organs at all levels focused the crackdown on the criminal cases such as corruption, bribery, and so on committed by personnel in party and government organs, as well as in judicial, administrative, law enforcement, and economic management departments. During the five months between August and December, procuratorial organs throughout the province placed 44 corruption and bribery cases involving personnel from the abovementioned departments on file for investigation and prosecution, accounting for a quarter of the total cases on file. Of this total, there were 14 cases that involved 20 personnel from the judicial department for their conduct in extorting confessions from legal offenders or government workers by torture, or of releasing them privately in dereliction of their duties. There was a great and shocking impact on society when these cases were checked and acted upon, which attained good legal and social results and further demonstrated the determination of the party and government to punish corruption.

4) We lost no time in tracking down embezzled money and did our utmost to recover the economic losses of the state. In checking and acting upon the corruption and bribery cases, procuratorial organs at all levels not only persisted in severely punishing criminals in accordance with the law but also surmounted all difficulties to trace and recover embezzled money in good time. Take the Xue Genhe case as an example. After most of the embezzled money, totaling 33.44 million yuan, had flowed out into a dozen provinces, municipalities, and autonomous regions all over the country, the personnel in charge of the case overcame various difficulties, particularly the obstacle of local protectionism, to track down and seize nearly 30 million yuan. Another 14 million yuan was also chased after and recovered from the Jia Xiaoming and the "17 December" extraordinarily serious tax fraud cases, which were handled by the anticorruption bureau of the provincial people's procuratorate. Illicit money

and stolen property equivalent to 74.24 million yuan were recovered last year, which witnessed the largest amount of economic losses to be recovered by the procuratorial organs since the founding of the province.

In short, since last year, and since last August in particular, the province's procuratorial organs have taken the initiative in firmly grasping the work to punish corruption and check and act on major important cases so that the campaign developed in depth in a healthy and orderly way. However, judging from the conditions of investigating and dealing with cases by the procuratorial organs, the tasks of the anticorruption campaign were still extremely arduous and heavy. Though we should affirm our achievements, we must not be blindly optimistic. The principal characteristics of the cases of corruption, bribery, and other economic crimes which occurred in the province were as follows: First, the amount of money involved in the economic crimes was increasingly larger. Over the past few years, the proportion of major cases that involved an amount of more than 10,000 yuan, which had been filed by the province's procuratorial organs for investigation and prosecution, had exceeded 70 percent, ranking in the forefront of the entire country. This reflected the extreme rapacity of the criminals. Second, there were a large number of crimes committed in defiance of the anticorruption campaign, as 70 percent of the crimes were committed last year after the crackdown began, which manifested, to a certain extent, how rampant the criminals were. Third, the bribery offenses either took the form of covert activities like "between you and me" or the form of overt or semi-overt actions under the pretext of engaging in the market economy. Some people took advantage of the power in their hands to seek personal benefits, refused to perform official duties without being paid, or even openly asked for and accepted bribes under pretexts of every description. Fourth, criminal cases in the economic hot spots increased and the tactics were repeatedly changed. Some lawbreaking elements committed crimes by availing themselves of loopholes in the reform and opening up, the transformation from old to new structures, and the still unsound management mechanisms. For instance, some personnel in securities departments embezzled money by making use of "time differences" or "price differences" in stock trading; others misappropriated public funds for speculation in stocks, land, houses, and so on to reap exorbitant profits. The new situation and problems had increased the difficulty of the procuratorial organs in their law enforcement activities and, at the same time, set even higher demands on them. Fifth, the corruption and bribery criminals generally committed a variety of crimes. They usually embezzled public funds and asked for and took bribes and so on. After obtaining large sums of money, they squandered it by eating and drinking extravagantly, gambling, and patronizing prostitutes, so that the state property suffered great losses.

At present, the anticorruption struggle is developing in depth, the masses hate the corrupt phenomena bitterly,

and their enthusiasm in the struggle is very high. However, people will also discover that in some enterprises, there are cases which have not been reported because they were afraid of washing their dirty linen in public as this would tarnish their image and affect their rating. Hence, they would rather gloss things over within the enterprises to avoid trouble or report the cases only after the offenders had run away with the money. Some of them worried that they would draw fire on themselves if they exposed such offenses, and others dared not report those corrupt elements with power and influence, lest their own economic interests be damaged. What is more, in investigating and dealing with the major important cases, more often than not, the procuratorial personnel encountered some interference and obstruction because some people considered the anticorruption struggle as conflicting with reform and opening up. They were anxious that the investigation and prosecution of cases by procuratorial organs would adversely affect reform, opening up, and economic construction. This added manmade difficulties to the handling of cases. As viewed from the conditions of work performed by the province's procuratorial organs, there was still a long distance to go from the requirements of the central authorities and provincial party committee and from the expectations of the people's deputies and the broad masses. In procuratorial organs at various levels there were some major important cases which had been placed on file for investigation and prosecution but had not been wound up in good time; some evidence in cases reported by the masses had not been fed back as preliminary investigations had not been conducted; and, in a few localities, lots of work had been done but very few results in handling the major important cases had been scored. In addition, the tight funds for handling cases and the backward means of communications and investigation also restricted the solution of cases to a certain extent, thus hindering the progress of the anticorruption struggle. These problems should be conscientiously resolved in our future work. We are firmly confident that under the leadership of the provincial party committee and party committees at various levels, under the supervision of the people's congresses at various levels, and with the support of governments, cadres, and masses throughout the province, still greater achievements will certainly be attained in investigating and dealing with the major important cases and remarkable results will certainly be obtained in the anticorruption struggle in our province.

II. Cracking Down Unremittingly and Severely on Serious Criminal Activities and Safeguarding Social Stability in the Hainan Special Economic Region

It was another work focus of the procuratorial organs to severely crack down on serious criminal activities. Since last year, procuratorial organs at all levels throughout the province have persistently taken the "severe crackdown" struggle and participation in the overall control of social security as an important task to safeguard social stability in the special economic region and ensure the smooth

progress of reform, opening up, and economic construction. Accordingly, new achievements have been attained. In 1993, the province's procuratorial organs at all levels accepted and heard 2,578 people, whom the public security organs proposed to arrest and 2,239 people of them were finally arrested. Besides, they also accepted and heard 2,659 people transferred from the public security organs for prosecution and legal proceedings were initiated against 2,301 of them after examination and investigation.

In the "severe crackdown" struggle we stuck to the principle of dealing with crimes severely and rapidly according to the law, with stress on cracking down on serious criminal cases and organized underworld gangs, including murder, robbery, rape, causing explosions, armed violence, and so on, so that their arrests were approved and prosecution initiated in good time. During the whole year, 519 criminals in major or exceptionally serious cases were arrested, accounting for 23.2 percent of all criminals arrested. In order to reflect the principle of dealing with crimes severely and rapidly in procuratorial work, the people's procuratorates at all levels throughout the province persistently practiced the system of attending to major and exceptionally serious cases ahead of time. This meant: 1) participating in the activities of on-site inspections, examining corpses, and so on; 2) participating in the preliminary trials of defendants and questioning important witnesses; and 3) participating in discussions with investigation departments concerning the nature, evidence, and other matters in some major difficult cases. According to statistics, at the stage of obtaining approval for arrest, the procuratorial organs throughout the entire province attended to several major or exceptionally serious cases ahead of time, in which 247 people were involved; and at the initiating prosecution stage, they also attended to cases involving 81 people ahead of time. Take the extraordinarily serious case committed in Haikou City as an example, the defendant Zhang Weisen stole two submachine guns, three pistols, and 600 rounds of ammunition from the Xiuying Frontier Station. As the Haikou City People's Procuratorate sent personnel to attend to the case ahead of time, it took only three days to have the case prosecuted and lodged with the court after the public security organ wound up the case and transferred it to be examined for prosecution.

We intensified supervision over investigation and trial in the work of obtaining approval for arrest and prosecution. With regard to the intensified supervision over investigation, this focused on the malpractices of sparing some crimes without being investigated and dealt with and of imposing fines in lieu of penalties. With regard to the intensified supervision over trials, this focused on the malpractices whereby those guilty of crimes were acquitted, those having committed serious crimes were given mild punishment, and those having committed minor crimes were punished drastically. Over the past year, with the supervision of procuratorial organs over investigation, decisions had been made to reject applications for the arrest of 104 people, as legal requirements

for their arrest had not been met; while 64 people who should have been arrested but were not reported by public security organs for approval, were arrested by follow-up decisions. A total of 104 cases involving 422 people were returned to the investigation department for supplementary evidence mainly because the facts of their crimes had not been distinctly established and evidence was inadequate. As regards investigation activities in violation of the law, we made written or oral suggestions to correct them in good time. Owing to our supervision over trials, decisions had been made to exempt 23 people from prosecution, while 14 offenders who should have been indicted on criminal charges but had not been reported to the procuratorial organs, were finally prosecuted. Besides, opposition was made to 35 cases which were wrongly adjudicated, of which 11 cases were settled by the court and verdicts in six cases involving 10 people were readjusted.

We took an active part in the struggle and rectification in specific operations. Proceeding from the local reality, the procuratorial organs at all levels across the province coordinated with the public security organs and courts in the unified action of "unearthing criminal gangs, striking at convicts on the run, chasing escaped criminals, and solving serious cases," as well as in the struggle in specific operations aimed at combating theft, besieging "train robbers and highwaymen," cracking down on the abduction of women and children, prohibiting prostitution, and so on. Rectification in specific operations was conducted in areas where problems were numerous and public order was in chaos, to effectively safeguard social stability in the province and ensure the safety of the people during major festivals.

We paid serious attention to the ratification of arrest and prosecution to guarantee the quality in handling cases. First, we further established and improved various handling procedures and laid firm hold of rules and regulations to ensure the quality. Second, we stepped up investigation and study of the new situation and problems and correctly distinguished between crimes and noncrimes. For instance, aiming at the problems in some localities where a lot of cases had been returned for investigation, pronounced not guilty, or exonerated from accusation without good reasons, we carried out investigation and study and proposed improved measures to step up the inspection of crucial cases and key units. The province's subprocuratorate held a seminar to discuss the knotty problems that had cropped up in areas under its jurisdiction in a bid to better resolve the problems encountered in handling difficult cases. Third, we took firm control of the work of prosecuting criminals in court in order to elevate the overall level of public prosecutors' ability in argument and prosecution in court.

While waging the "severe crackdown" struggle, procuratorial organs at all levels firmly grasped the implementation of various measures for the overall control of social security in their work.

In handling cases, they paid attention to discovering the hidden trouble in the management work of relevant units, made suggestions from the procuratorial points of view in a timely manner, and helped relevant units plug loopholes to reduce crime. In light of the procuratorial work, they positively conducted law propaganda in various forms and practiced a system of paying visits to, making observations of, providing help for, and carrying on education among the exonerated individuals and criminals serving sentences out of prison to prevent them from committing new crimes and to reduce the unstable factors in society. They also handled letters and visits from the masses in a timely manner and conscientiously conducted education to straighten out their sentiments to avoid sharpening the contradictions and to expeditiously eliminate various unstable factors. In coordination with relevant departments, they set up contact points for the overall control of social security and launched activities to build a clean and honest administration with concerted efforts. Moreover, they set up prevention organs in the anticorruption departments, placed the work of preventing corruption, bribery, and other economic crimes as an important item on the agenda, and studied measures for putting an end once and for all to the breeding of corrupt phenomena.

Safeguarding political and social stability in the country is an important guarantee for reform and development. Generally speaking, social security in our province is good at present. However, we must also note soberly that the social security situation in our province is still grim, as the occurrence of serious criminal activities is showing a rising trend and serious cases of violence such as murder using firearms, robbery, and so on are still running rampant. Comparing 1993 with 1992, the number of serious cases rose by 7.3 percent and that of extraordinarily serious cases by 8.9 percent. Criminal activities conducted by gangs are also rather serious, particularly by those engaging in theft and robbery along railroads and highways and those composed of hooligans, some of which have become underworld gangs. Along with constantly deepening reform and the readjustment of interest relations, new contradictions and problems will continue to crop up and factors affecting political and social stability in our province may increase. Since the tasks of the "severe crackdown" struggle are still extremely formidable, we absolutely must not relax our efforts to deal heavy and rapid blows at the serious crimes in accordance with the law. The procuratorial organs at all levels across the province must bring into full play their major functional role as instruments of the people's democratic dictatorship in safeguarding the political and social stability in our province while persisting in implementing the "severe crackdown" principle and closely coordinating with the departments of public security organs, courts, and so on.

III. Seriously Checking and Acting on Criminal Cases of "Infringing on Rights," Neglecting Duties, and Comprehensively Performing Procuratorial Work in Various Aspects

- Procuratorial work in respect of law and discipline. Procuratorial departments in charge of law and discipline at all levels across the province seriously put into

practice the principle of "strictly enforcing the law and taking a firm hold of case handling," positively coordinated with the anticorruption struggle, and focused their work on investigating and dealing with the offenses of "infringing on rights" and neglecting duties, such as practicing favoritism, committing irregularities, extorting confessions by compulsion, illegally detaining people, trifling with their duties, causing accidents through negligence, and so on. Last year, 212 cases of such offenses were accepted and heard, 24.7 percent more than 1992 and 41 cases involving 58 people were placed on file for investigation, of which 19 cases were extraordinarily serious and four people were involved in vitally important cases. Direct economic losses amounting to 2.29 million yuan were recovered for the state. Wang Shengping and Cai Yongji from the Hainan Xinhua Accountants' Office accepted bribes to issue a false report on asset examination for a certain investment group in Hainan to the effect that the said "group had a paid-up capital of \$10 million," with which the group conducted an exceptionally big swindle causing extremely serious consequences. Apart from investigating and affixing criminal responsibility to the abovementioned two defendants, the relevant procuratorial department also checked and acted on the persons in charge of the accountants' office for dereliction of duty and the case is now placed on file for investigation and prosecution. Actions taken by the procuratorial organs to identify and deal with criminal cases of "infringing on rights" and dereliction of duties according to the law have played a significant role in intensifying the building of socialist democracy and legal system, punishing corruption, promoting the diligent and honest performance of official duties, and safeguarding and facilitating the establishment and development of a market economy.

— **Procuratorial work in respect of prisons.** Procuratorial departments in charge of prisons at all levels across the province placed the supervision of law enforcement in a primary position, accepted cases involving 34 recidivists, and instituted legal proceedings against them according to the law. Actions against the law which involved 2,726 prisoners serving sentences in jails for reeducation through labor were corrected in accordance with the law. Of these, 1,797 people had been detained for longer terms and 20 people were detained without testimony. There was a total of 77 instances of potentially dangerous conditions in some of the detention centers and measures were taken to correct them. Besides, 43 cases of indictments or appeals initiated by detainees or their families were also handled.

— **Procuratorial work in respect of indictments and appeals.** Procuratorial departments continued to conduct activities of receiving the people in a civilized manner, persisted in practicing the system under which chief procurators personally attended to the letters and visits of the masses, and further enhanced the work of case reexamination. As a result, 2,527

cases of indictments were accepted during the year of which 2,253 cases were handled either by direct hearing and giving replies to the persons who brought in the indictments, or by transferring their cases to the pertinent departments.

With regard to appeals, 525 cases were accepted and 516 were handled. The Provincial People's Procuratorate corrected the case of Chen Taixin, a people's deputy from Ledong County, for illegal detention and trial by the local public security bureau, thus safeguarding the legitimate rights and interests of the people's deputy, for which the provincial people's congress standing committee and the province's political science and law commission issued a special circular to affirm the correct handling of this case.

— **Procuratorial work in respect of civil and administrative affairs.** While improving work, reinforcing strength, and straightening out relations in organs, procuratorial departments enthusiastically conducted work in case handling. During last year, 55 cases of lawsuits in civil and administrative affairs were accepted and opposition to undeniably wrong judgments and adjudications were lodged with the court according to the law, so that the verdicts of some of them were revised. Although the work started late, this supervisory function will become increasingly important under the market economy conditions.

— **Procuratorial work in respect of investigation, study, and information.** Since last year, in light of the comparatively weak links in the procuratorial organs across the province in terms of investigation, study, and information, we started deepening the understanding of personnel and took powerful measures to change the situation so that greater improvements have been made in these aspects. We convened the first provincial symposium on the work of investigation and study in procuratorial departments and proposed the missions, demands, and measures for enhancing the work. The Provincial People's Procuratorate began publishing the periodical JIANCHA XIN SHIDAI [NEW ERA OF PROCURATORIAL WORK], which opened up a new realm for the enhancement of investigation and study. In addition, the procuratorate also started the first training class on procuratorial information and conducted activities on appraisal through comparison to elect advanced units and fine workers in the information business. Thanks to the serious attention paid to the work, a good atmosphere in investigation and study is taking shape in the procuratorial organs across the province so that information work has been further strengthened.

IV. Sticking to the Principle of "Administering Procuratorates Strictly" and Taking Firm Control of Building a Contingent of Procuratorial Personnel

Since last year, procuratorial organs at all levels across the province have conscientiously organized the study of central documents concerning the 14th CPC National

Congress, the Third Plenary Session of the 14th CPC Central Committee, and the third volume of the "Selected Works of Deng Xiaoping," with a view to arming the minds of the vast number of cadres and policemen with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. In particular, while carrying out the instructions and guidelines of the central authorities on the anticorruption struggle, we intensified the anticorruption work within our ranks so that all personnel were tested and tempered in the in-depth struggle. With regard to the building of our ranks, in the main we fulfilled the following tasks: First, we held a provincial meeting on political work to review and sum up the ideological and political work performed in the procuratorial organs in the past few years and assigns the tasks ahead. Second, we completed the reelection work smoothly whereby the average age of chief procurators at all levels was reduced and their cultural and professional standards were enhanced. Third, with the approval of the Supreme People's Procuratorate and the provincial party committee, the pilot work for the "Regulations on Prosecutors" was conducted throughout the province. Fourth, we put into serious practice the "Decisions on Launching a Law Enforcement Activity Among the Procuratorial Organs Throughout the Province" with the contents of enforcing the law in a strict, open-minded, honest, and civilized way, which was adopted in the second provincial procuratorial work meeting last year. As a result, the consciousness of the vast number of cadres and policemen on the honest and diligent performance of their duties, strict observation of law and discipline, and their standards of law enforcement were enhanced to some extent. Fifth, we conducted conscientious education on opposing corruption and encouraging honesty among the cadres and policemen. Meanwhile, cadres at and above section head level earnestly made self examinations and self rectification in accordance with the five requirements set by the central authorities. Sixth, we reinforced the training of cadres and policemen, through which 266 cadres were trained in six training classes sponsored by pertinent business departments of the provincial people's procuratorate. Ten cadres participated in the training course at the Central Prosecutor Management College and 240 cadres studied in courses for professional diplomas.

Deputies, although certain achievements were attained in the province's procuratorial work in 1993, there were still some problems and weak links in our work. Apart from those mentioned above, there was also the problem of uneven development in work. In some places where working conditions were more or less the same, the work results were quite different owing to the varying degrees of effort they had made. In the anticorruption struggle, they failed to reap prominent results in checking and dealing with the criminal cases of corruption and bribery in party and government organs, judicial departments, law enforcement departments, and economic management departments according to the requirements of the central authorities. In some areas, the tasks of pursuing

and capturing escaped criminals and screening accumulated economic crimes were still extremely arduous. The conditions of office buildings used by the procuratorial organs and the facilities for law enforcement also await urgent improvement. Political education, professional training, and education on opposing corruption and encouraging honesty still need to be repeatedly deepened and strengthened.

Deputies.

The year 1994 is one in which reform will be accelerated in China. It is also a year full of hope. As the reform intensity in the Hainan Special Economic Region will be increased, the development tasks will be even heavier. The new situation has set still higher demands on our procuratorial work. Regarding the work in 1994, we held a provincial conference of chief procurators in early January this year to sum up our work conscientiously, analyze the situation, unify thinking, and clearly define our missions. Our general guiding idea is: This year, procuratorial organs at all levels across the province should put into effect seriously the guidelines of the 14th CPC National Congress, the Third Plenary Session of the 14th CPC Central Committee, and the Second Session of the First Hainan Provincial People's Congress, conscientiously study the third volume of the "Selected Works of Deng Xiaoping," persistently seek guidance in Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, stick to the principle of "doing two types of work simultaneously and attaching equal importance to both," further intensify the functions of law inspection, strictly enforce the law, take firm control of case handling, and resolutely crack down on various criminal activities, to create a favorable legal environment for reform, opening up, and economic construction in our province and provide a guarantee for the establishment and development of a socialist market economy structure.

We must carry out the anticorruption struggle profoundly and concentrate our efforts on investigating and dealing with major important cases. The province's procuratorial organs at all levels should persistently take punishing economic crime, including corruption, bribery, and so on, as the most important and direct service rendered to economic construction, make mental preparations for waging a protracted battle, and focus the work on investigating and dealing with such economic crimes as corruption, bribery, and so on committed by party and government organs, judicial departments, law enforcement departments, economic management departments, as well as their personnel. New breakthroughs should be made in the area of investigating and dealing with major important cases. We must seriously investigate and deal with criminal cases involving legal persons by selecting typical examples, breaking through key points and, in accordance with the law, investigating and ferreting out various criminal activities including offering bribes, taking bribes, smuggling, evading taxes, refusing to pay taxes,

making false tax reports, forging bogus registered trademarks, and so on in organs, organizations, enterprises, and institutions. At the same time, we must pay serious attention to unearthing and investigating other crimes of accepting bribes, practicing favoritism, committing irregularities, neglecting official duties, and so on committed by government workers in connection with the crimes of legal persons. In light of the characteristics in our province, we must also make serious investigation into the criminal cases committed in transfers of land, those major important cases in particular, and the criminal activities of using public funds to engage in land, stock, and property speculation, to further the anticorruption struggle in our province in a penetrating way.

We must continue to adhere to the principle of cracking down on serious criminal activities rigorously and rapidly in accordance with the law. Under the conditions of practicing a market economy, political and social stability is an essential guarantee and prerequisite for pushing forward reform and development. The social security in our province at present is still very grim, which is why procuratorial organs at all levels throughout the province must continue to deal heavy blows against serious criminal activities, stick to the principle of handling cases in a rigorous and rapid manner, as well as the principle of "two basic points" according to the law, and take speedy action in arresting and prosecuting lest we should bungle the chance of winning a battle in the procuratorial work domain. We must also coordinate with public security organs and courts in the unified action of the entire province to crack down on criminal activities, particularly on those committed using firearms and positively participate in the struggle of specific operations and rectification of disorder in some key areas as organized by various

localities according to actual local conditions. Combining this task with the handling of cases, we must put into practice comprehensively various measures for the overall control of social security in procuratorial work, formulating detailed rules and regulations for the implementation of "Several Stipulations on Practicing a Leadership Responsibility System in the Overall Control of Social Security" promulgated by the central authorities, so that leading cadres in procuratorial organs at all levels will really assume their responsibilities to maintain law and order in their own localities.

We must intensify supervision over law enforcement and conduct procuratorial business in a comprehensive way. While paying attention to performing strict law enforcement in procuratorial departments, we should also exercise supervision over other departments in respect of law enforcement and, through investigating and dealing with cases that were not handled with strict legal procedures and through rectifying activities in violation of laws, supervise and urge other departments to enforce laws rigorously to maintain the unity of state laws and ensure their correct implementation.

We must make further efforts to augment the building of the procuratorial ranks with stress on the trial implementation of the "Regulations on Prosecutors" and the in-depth activities of enforcing laws in a strict, open-minded, honest, and civilized way; repeatedly enhance the political and professional standards of the vast number of cadres and policemen; and work hard to build a contingent of procuratorial personnel who are powerful politically, competent professionally, strict in discipline, and good in style, in a bid to make new contributions to accelerating the development of a socialist market economy and the drive for modernization in our province.

I hereby present the above report to you for your examination and approval.

President Urges 'Sound Constitutional System'

OW2305144794 Taipei CNA in English 1351 GMT
23 May 94

[By Bear Li]

[Text] Taipei, May 23 (CNA)—President Li Teng-hui said Monday [23 May] that he wants to establish a sound constitutional system in Taiwan as soon as possible.

He made the remarks at a National Assembly session in an apparent effort to calm the hot discussion stemming from remarks he made in Costa Rica that he has a dream "to transfer power to somebody else peacefully before my death".

"The constitutional system is my dream and I would like to hand over political power to the next president after he is elected," Li told the assembly.

On whether he will seek re-election, President Li said that he would not answer the question since the National Assembly has not begun its discussion of the proposed change in the method of presidential elections.

The National Assembly began its three-month special session in Yangmingshan on May 2 to consider proposed amendments to the constitution and nominations by President Li of the grand justices and the head of the judicial yuan.

In their respective proposals on constitutional change, both the ruling Kuomintang and opposition Democratic Progressive Party have in common only one point: that the election of the president should be done by popular vote rather than by the vote of the National Assembly, as has been done in the past.

Official Refutes Premier's 'Secret Visit' to Mexico

OW2305143694 Taipei CNA in English 1346 GMT
23 May 94

[By Y.C. Tsai]

[Text] Taipei, May 23 (CNA)—Premier Lien Chan will not visit any country besides El Salvador and Guatemala during his upcoming trip, a ranking official at the Ministry of Foreign Affairs said Monday [23 May].

The official, who requested anonymity, made the statement to refute an earlier press report that the premier will make a secret visit to Mexico on his way to the two Central American countries.

Bilateral ties between Taiwan and Mexico have held stable despite the lack of diplomatic relations, he pointed out, noting the Taipei economic and cultural office opened in Mexico City on May 1. The two countries suspended official ties in 1971.

Lien will leave for San Salvador May 30 as President Li Teng-hui's special envoy to attend the inauguration of newly elected President Armando Calderon Sol on June 1.

He will then proceed to Guatemala City June 2 for a four-day visit and is scheduled to return to Taipei June 7.

Justice Minister Hails Election Scandal Investigation

OW2305193894 Taipei CNA in English 1323 GMT
23 May 94

[By Benjamin Yeh]

[Text] Taipei, May 23 (CNA)—Justice Minister Ma Ying-jeou on Monday [23 May] hailed a group of investigators and prosecutors in charge of unraveling the scandal surrounding the March 1 elections for city and county council speakers and deputy speakers, and encouraged them to continue playing an active role in preventing a similar occurrence in upcoming local elections.

"History will make it known that we're the terminators of graft and vote bribery," Ma said in a speech to the group.

As of Sunday, 398 suspects, including 13 speakers, nine deputy speakers, and 184 councilors—a third of all sitting councilors—had been charged for either buying votes or accepting bribes in the elections for speakers and deputy speakers of the 23 county and city councils.

The ruling Kuomintang won all speaker and deputy speaker seats.

Ma asked the group to keep rooting out corruption to make sure the June and July elections for village and township chiefs will be clean.

Meanwhile, the prosecutor's office in the central city of Taichung charged Councilors Chen Jen-hsun, Chen Jui-teh and Ho Wen-hai with accepting bribes worth between NT\$7 million and NT\$7.4 million (US\$261,200-US\$276,120) from Speaker Kuo Yen-sheng in exchange for their votes in the March 1 election.

The prosecutor recommended 30 months in jail for the three defendants if they are found guilty.

Twenty-nine people have now been charged with graft surrounding the Taichung City Council election.

Finance Ministry Assesses Cross-Strait Banking Ties

OW2305194194 Taipei CNA in English 1328 GMT
23 May 94

[By Y.C. Tsai]

[Text] Taipei, May 23 (CNA)—The Ministry of Finance is cautiously assessing the feasibility of allowing overseas branches of Taiwan banks to do business with overseas branches of mainland Chinese banks, Vice Finance Minister Li Chung-ying said Monday [22 May].

Li made the statement at a seminar on Mainland China's economic and financial affairs, which was jointly sponsored by the cabinet-level Mainland Affairs Council (MAC) and the banking institute.

Under the proposal, however, direct links between Taiwan banks and mainland Chinese banks would still be banned.

The vice minister noted that five domestic banks—Hua Nan Commercial Bank, the First Commercial Bank,

Chang Hwa Commercial Bank, Chiao Tung Bank, and the International Commercial Bank of China—have applied to the ministry to do business with overseas branches of mainland banks.

The banks must submit information concerning what the relationship between their overseas branches and overseas mainland banks would be, including agreeing to a place outside of Taiwan, mainland China, or Hong Kong where legal disputes could be settled.

Hua Nan Bank, which maintains a branch in Hong Kong, is very likely to become the first Taiwan bank to forge a cooperative relationship with mainland counterparts, including the Bank of China, once its application is approved by the ministry, Li elaborated.

MAC Vice Chairman Kao Koong-lian said that increased cross-strait banking ties would expand funding channels for Taiwan investors on the mainland, but that whether the proposal gets final approval is dependent on the extent to which it would help make Taiwan more competitive and how it would affect indirect cross-strait trade.

Structure of Balance of Payments Changing

OW2405093294 Taipei CNA in English 0811 GMT
24 May 94

[By Sofia Wu]

[Text] Taipei, May 24 (CNA)—Taiwan's balance of payments has changed structurally, with the current account surplus declining while capital inflow is beginning to outpace capital outflow, finance officials said Tuesday [24 May].

Taiwan saw a net capital inflow of more than U.S.\$1 billion in the first quarter of this year, the first favorable balance in its capital account since 1988, according to preliminary statistics compiled by the Central Bank of China (CBC).

Taiwan's current account surplus, however, dropped to a 13-year low of about U.S.\$200 million during the January-March period mainly because of a sharp decline in the merchandise trade surplus, the CBC said.

It will release the exact figures of the country's balance of payments for the first quarter of 1994 later this week.

CBC officials said the capital account surplus indicates that foreign capital movement has begun to influence Taiwan's balance of payments as a result of its financial liberalization and internationalization policy.

Meanwhile, the officials said, the drop in the current account surplus reflects structural changes in the local economy. Taiwan has gradually lost export competitiveness, particularly in labor-intensive industries, and thus no longer enjoys a huge trade surplus. Taiwan's foreign trade surplus totaled only U.S.\$240 million during the three-month period.

The balance of payments measure records all of a country's economic transactions with the rest of the world during a specified period of time. It is usually divided into the

capital account, which records short and long-term capital flows, and the current account, which records merchandise and service trade as well as unrequited transfers.

The balance of payments is an effective measure to monitor a country's external trade and financial relations.

Taiwan consistently registered net capital outflows between 1987 and 1993 as local companies were making massive investments abroad because of the worsening investment climate here. The capital account deficit reached a record U.S.\$5.6 billion in the fourth quarter of 1992.

The trend reversed itself in the first quarter of this year. An influx of "hot money" for investment in the local stock market in January and February as well as a slowdown in direct overseas investments resulted in a net capital inflow of more than US\$10 billion during the period.

Thanks to its huge current account surplus, Taiwan saw its balance of payments end up in the black between 1981 and 1991. It registered a rare U.S.\$639 million deficit in its international balance sheet in 1992, but again chalked up a U.S.\$1.45 billion surplus last year.

The balance of payments surplus is also expected to exceed U.S.\$1 billion in the first quarter of 1994 due to a combination of factors, including net capital inflow, slower increases in overseas travel bills and increases in interest income from the country's huge foreign exchange reserves, the officials noted.

Office in Canberra Hopes for Better Ties With Australia

OW2305145294 Taipei CNA in English 1255 GMT
23 May 94

[By Peter Chen]

[Text] Brisbane, May 23 (CNA)—Relations between the Republic of China [ROC] and Australia's opposition Liberal Party should improve in the long term following a change in the leadership of the party, the Taipei Economic and Cultural Office (TECO) in Canberra said Monday [23 May].

Alexander Downer, formerly shadow treasurer under the leadership of John Hewson, on Monday defeated his boss by a vote of 43 to 36 to become the new leader of the liberals.

At a press conference in Canberra today, the 42-year-old Downer pledged a fresh start for the opposition.

"I pledge myself to do everything I can to restore hope and a bright future to Australia," he said.

Downer's father was a minister under the late prime minister Richard Menzies.

TECO Representative Francias Li said both Hewson and Downer are friendly to the ROC. They both visited Taiwan in March 1991 and were impressed by the progress they saw there, he said.

Li said many of Downer's supporters either have visited Taiwan or are members of the Australia-Taiwan parliamentary group in Canberra. The group now has 86 members, next only to the Australia-U.S. parliamentary group in terms of participation.

Li said the election of Downer to head the Liberal Party was a positive occurrence for the ROC. "I believe our relations with the opposition will further improve," he said.

Latin American Envoys to Taipei Court Investment

*OW2405094194 Taipei CNA in English 0802 GMT
24 May 94*

[By Sofia Wu]

[Text] Taipei, May 24 (CNA)—A group of Latin American ambassadors stationed in Taipei Tuesday [24 May] urged the Republic of China [ROC] to encourage its businessmen to increase investment in their countries.

The envoys made the call during a seminar on relations between the ROC and Latin American countries sponsored by Legislator Cheng Chien-jen of the ruling Kuomintang.

The ROC has shared long-term friendship with Central American countries. Many of the 29 countries with which it maintains formal diplomatic ties are located in Central America. Due in part to geographical distance, commercial exchanges between Taiwan and the region, however, remain limited.

Paraguayan Ambassador Miguel Angel Solano-Lopez Casco said he regrets that many Taiwan companies, while ignoring his call for investing in his country, have made large investments in Mainland China and other countries or areas with which Taiwan does not have diplomatic ties.

Paraguay is the only South American country that diplomatically recognizes Taiwan. Lopez said Paraguay not only hopes to promote political ties with the ROC but also wants to strengthen bilateral trade and economic cooperation.

Taiwan businessmen's overseas investment activities do not seem to comply with the ROC Government's diplomatic policy, Lopez noted.

Speaking at the same occasion, Salvadoran Ambassador David Ernesto Panama [name as received] said mutual interests are key to maintaining longstanding diplomatic ties.

Panama said he appreciates all the assistance the ROC has given his country over the past years. He pointed out that his country has also suffered from its close ties with Taiwan, saying that Mainland China has boycotted his country's activities in the United Nations and secretly supported leftists in El Salvador.

Panama said he is willing to play the role of "go-between" to help prospective Taiwan investors launch new ventures

in his country. "I also hope the ROC Government can actively encourage local businessmen to invest in El Salvador," he added.

Ambassadors from other Central American countries, including the Dominican Republic and Honduras, also attended the seminar.

Taipei, Guatemala City Sign Vocational Training Pact

*OW2405092894 Taipei CNA in English 0738 GMT
24 May 94*

[By Danielle Yang]

[Text] Taipei, May 24 (CNA)—The Republic of China [ROC] and Guatemala signed a vocational training technical cooperation agreement Tuesday [24 May] to strengthen bilateral vocational training between the two countries.

Chairman of Council of Labor Affairs Chao Shou-po and Guatemalan Labor Affairs Minister Gladys Anabela Morfin Mancilla signed the agreement in Taipei on behalf of their two governments.

The agreement is the first vocational training agreement the ROC has signed with a foreign country, Chao said.

Since June 1992, the ROC Government has assisted Guatemala in setting up vocational training centers in the Central American country, Chao said. He added that the centers have trained many technical experts during the past two years.

Taiwan has promoted overseas vocational training technical cooperation programs since 1990 and is assisting in the training of technical manpower to upgrade the industrial level of friendly developing countries, Chao said.

Over the past three years, a total of 30 foreign countries have sent 257 personnel to the island for training and the government has established vocational training centers in the Philippines, Costa Rica, and Guatemala.

Business Arbitration Pact Signed With Czech Republic

*OW2305194094 Taipei CNA in English 1312 GMT
23 May 94*

[By Y.C. Tsai]

[Text] Taipei, May 23 (CNA)—Taiwan and the Czech Republic on Monday [23 May] entered into a business arbitration agreement.

Wang Ling-lin, secretary-general of the Republic of China [ROC] Business Arbitration Association, and Dr. Svetozar Hanak, director of the Arbitration Court of the Czech Confederation of Commerce and Industry, inked the pact at a ceremony at the Grand Hyatt Taipei in the afternoon.

Dr. Hanak also delivered a keynote speech on the Czech arbitration system and trade-related rules and regulations.

Speaking at the signing ceremony, Wang said the accord will help settle the growing number of trade disputes between the two countries arising from increased trade ties.

Trade ties between Taiwan and East Europe have been on the rise. Statistics show that two-way trade totaled US\$180 million in the first quarter, up 23 percent from the year earlier.

This is the second business arbitration agreement Taiwan has signed with an East European country, Wang noted.

The association, which has inked such agreements with 12 countries, including the United States, Japan, and Hungary, wants to sign similar pacts with Britain, Austria, Singapore, and Vietnam this year, he pointed out.

Aviation Official Seeking Tech Transfer From Grumman

*OW2405093194 Taipei CNA in English 0749 GMT
24 May 94*

[By Renan Huang and Lilian Wu]

[Text] New York, May 23 (CNA)—Tang Feng, deputy director of the Ministry of Economic Affairs' Committee for Aviation and Space Industry Development, visited Grumman International Inc. to discuss future cooperation prospects Monday [23 May].

Tang, who led a four-man group here Saturday, said that the main purpose of his trip was to learn more about Grumman, meet its suppliers, introduce the aviation and space development projects in Taiwan, and seek technology transfers from Grumman.

Tang said that he met with two Grumman suppliers in Long Island in the afternoon. The two suppliers showed keen interest in proposed cooperation between Taiwan and Grumman.

Tang and his group will meet again with Grumman officials Tuesday. Taiwan is reportedly most concerned about getting technology transfers from the company if any deals are made. They are also working to allow Taiwan companies to sell parts and components to Grumman.

Tang and his group will travel to California later this week before going home in early June.

Company To Form Computer Venture With U.S. Firm

*OW2405093394 Taipei CNA in English 0755 GMT
24 May 94*

[By Y.C. Tsai]

[Text] Taipei, May 24 (CNA)—The state-run China Steel Corp. on Tuesday [24 May] entered into a shareholders agreement with the MEMC Co. of the United States, with both sides pledging to form a joint venture to produce wafers for use in integrated circuits (IC).

MEMC, a subsidiary of Germany's Huls Group, is the world's second largest wafer manufacturer.

Inking the document were MEMC Chairman and Chief Executive Officer Robert M. Sandfort, China Steel's chairman Wang Chung-Yu, President Hu Ting-wu of the China Development Corp. and Vice President Li Ming-chi of Chiao Tung Bank.

Under the agreement, the proposed joint business will have an aggregate investment of NT [New Taiwan] \$4.85 billion (U.S.\$180.29 million), of which a 45 percent stake will go to MEMC, 35 percent to China Steel, and 10 percent each to the China Development Corp. and Chiao Tung Bank.

Paid-in capital will amount to NT\$2 billion (U.S.\$74.34 million), and the remaining NT\$2.85 billion (U.S.\$105.95 million) will come from a bank loan.

Speaking at the signing ceremony, Economic Affairs Minister P.K. Chiang said that the agreement will usher in a new era for the development of Taiwan's IC industry, whose key material—wafers—are all imported.

Taiwan imports about NT\$3 billion (U.S.\$111.52 million) worth of wafers annually, of which MEMC accounts for a 30 percent market share, Chiang noted.

The planned investment by the Missouri-based company will certainly help upgrade the industrial base here and sharpen Taiwan's competitive edge in worldwide markets, he pointed out.

Construction of the proposed wafer factory, to be located at the Hsinchu science-based industrial park, is expected to be completed in two years, while commercialized production is scheduled to begin in 1997.

The factory's annual output is set at 40 million square inches in the initial stage and could expand to 60 million square inches to meet growing market demand.

Group Confirms Identity of Attacked Fishing Boat

*OW2305144194 Taipei CNA in English 1407 GMT
23 May 94*

[By Flor Wang]

[Text] Kaohsiung, May 23 (CNA)—The Kaohsiung-based Taiwan Cuttlefish Association confirmed Monday [23 May] that the fishing vessel attacked by the Argentine Navy on Friday off Argentina's east coast was the Kaohsiung-based Chin Yuan Hsing.

The 800-ton boat was reportedly sunk off the coast of San Julian after being hit by machine-gun and cannon fire. The Argentine Navy had been trying to get the Chin Yuan Hsing to stop so that it could be inspected after it was caught illegally poaching within Argentine waters.

The 30-odd crewmembers were rescued by another Taiwan fishing vessel, the Chin Chuan Hsing, which was also operating off the coast of San Julian when the incident occurred.

The full story behind the attack is still under investigation, the association said, adding that the current situation of

the crewmembers was unclear because of communication difficulties resulting from poor weather conditions in the Southwest Atlantic.

Meanwhile, the Council of Agriculture and Taiwan Fishery Representatives called on local fishing boats to respect relevant laws and regulations set by foreign governments when fishing in foreign waters to prevent the recurrence of such incidents.

Foreign Computer Firms To Increase Local Purchasing

*OW2305194294 Taipei CNA in English 1307 GMT
23 May 94*

[By Flor Wang]

[Text] Taipei, May 23 (CNA)—Aiming to further introduce [as received] production costs as they seek to sharpen their competitive edge on the international market, some of the world's major computer firms, including IBM, Apple, Compaq, and Hewlett Packard, have decided to increase purchases of locally made computer products.

Many leading computer companies have set up international procurement offices here to facilitate purchases of Taiwan-made computer products as those products have become more competitive internationally, business sources said.

In the past, IBM has always been the leading foreign buyer of computer products in Taiwan. Last year alone, it bought US\$382 million worth of Taiwan-made computer products, and the figure is expected to further grow this year, an executive at the IBM Taiwan corporation said.

Apple Computer Inc., which will double its purchases here to US\$400 million-US\$500 million to make it the largest foreign buyer of computer products this year, mostly will purchase family-use computers, monitors, motherboards, notebook computers, and semiconductors, said Cheng Hung-yu, manager of the Apple Taiwan branch.

Apple's Taipei Procurement Office will also be expanded to handle purchases in Mainland China and Hong Kong, Cheng added.

Another active foreign buyer, Hewlett Packard, will also increase purchases here, purchase manager Chan Chiu-ming said.

Hewlett Packard bought US\$60 million worth of Taiwan computer products in 1992 and US\$90 million in goods last year. The figure is expected to set a new high of US\$100 million this year, Chan predicted.

In addition to monitors and rectifiers, Hewlett Packard will increase purchases of motherboards this year, Chan said, citing the flexibility and advanced know-how of Taiwan computer makers as the main reasons behind the increased purchases.

And although Compaq has only bought less than US\$100 million worth of Taiwan computer products in each of the

past three years in that figure may swell markedly to US\$300 million this year, Sun Yung-hsiang, managing director at Compaq Taiwan branch office, said.

Minister Decorates German Trade Office Director *OW2405092994 Taipei CNA in English 0742 GMT 24 May 94*

[By Lilian Wu]

[Text] Taipei, May 24 (CNA)—Economics Minister P.K. Chiang Tuesday [24 May] decorated the outgoing director of the German Trade Office Juergen Franzen for promoting trade and economic ties between Taiwan and Germany.

Chiang said at the award ceremony that Franzen has contributed a great deal to trade relations between the two nations during his eight-year term as director.

Trade between Taiwan and Germany hit U.S.\$7.72 billion in 1993.

Chiang said Franzen will be leaving for Singapore in June to serve as delegate of the German Industry and Commerce for the Asia Pacific region and Asian director and coordinator of the Asia Pacific Committee of German Business. He hoped that Franzen will continue to promote trade between the two nations and that bilateral trade would hit U.S.\$10 billion soon.

Franzen recalled the time when he first came to Taiwan in 1975 as a student. He said that he has witnessed the rapid economic growth of Taiwan and seen ties between Taiwan and Germany go from distant to close over the past two decades.

German Ambassador to Sri Lanka Klaus Franke will assume Franzen's post in June.

Earthquake Measures 6.2; No Casualties, Damage Reported

*OW2405081894 Taipei CNA in English 0734 GMT
24 May 94*

[By Danielle Yang]

[Text] Taipei, May 24 (CNA)—A powerful earthquake measuring 6.2 on the Richter scale rocked Taiwan Tuesday [24 May], but no casualties or damage were reported.

The Central Weather Bureau said the tremor occurred at 12 a.m. (0400 GMT Tuesday) and shook high-rise buildings across the island.

Its epicenter was located 103.8 kilometers (64.8 miles) east of the eastern city of Hualien at a depth of 2.5 kilometers (1.56 miles), the bureau said.

Several aftershocks were also felt throughout the island after the quake. On Monday afternoon, two major quakes and several aftershocks also hit the island.

The Richter scale is a gauge of the energy released by an earthquake. An earthquake with a magnitude of 6 can cause severe damage in a populated area.

Hong Kong

Official Speaks at Hong Kong Trade Conference

OW2305140294 Beijing XINHUA in English 1329
GMT 23 May 94

[Text] Hong Kong, May 23 (XINHUA)—A senior Chinese trade official said here today that China will import 1,000 billion U.S. Dollars worth of goods in the next seven years.

The country's import value in 1993 amounted to 104 billion U.S. dollars, said Zheng Silin, vice minister of foreign trade and economic cooperation, at the '94 China Trade Investment Conference which opened in Hong Kong today.

He admitted that China had a trade deficit of 12 billion U.S. dollars last year, noting this was led by a big growth of import as a result of rapid economic development in China.

China's basic policy for foreign trade is to strike a balance between import and export provided it has necessary foreign reserve, the vice minister said.

So far, China ranks in the world as the 11th largest trader with a total import and export value of 195.8 billion U.S. dollars last year.

The country has approved 170,000 enterprises built in the forms of joint venture, cooperation or exclusive overseas investment. The actual foreign investment used in China surpassed 60 billion U.S. dollars.

Starting from this year, Zheng said, China began to carry out a series of reforms in the fields of taxation, monetary, foreign exchange management and foreign trade. This demonstrates a breakthrough in the reform of China's economic mechanism and will be of a far-reaching significance in setting up a socialist market economy, Zheng said.

He reiterated that China will take foreign investors into full consideration in its economic reform and strike to create an investment climate wherein enterprises operate in international norms.

Official Says China 'Not Responsible' for Airport Delay

OW2305135894 Beijing XINHUA in English 1340
GMT 23 May 94

[Text] Hong Kong, May 23 (XINHUA)—A senior Chinese official in Hong Kong said today that China expects to resolve the overall financing for the Hong Kong new airport at an early date.

A settlement of the financial issue will help speed up construction on the airport projects, said Zhang Junsheng, deputy director of the XINHUA News Agency Hong Kong branch, after attending the opening ceremony of a Chinese trade fair here today.

The Chinese side has stated its opinion at the Sino-British Airport Committee meeting last week and expected the British side to give it a careful consideration, he said.

Both sides should accord with the memorandum of understanding on the construction of the Hong Kong new airport and reach an agreement on the financial plan, he added.

China has always supported the construction of an airport in Hong Kong and hopes to see it completed in time and up to quality, he said, adding that China is not responsible for the delay of the airport construction.

Two More Contracts for Hong Kong Airport Awarded

OW2305142894 Beijing XINHUA in English 1348
GMT 23 May 94

[Text] Hong Kong, May 23 (XINHUA)—Two more Airport Core Program (ACP) contracts have been awarded by the government, bringing the total value of construction contracts awarded for the ACP to 48.4 billion H.K. dollars (6.2 billion U.S. dollars).

The government information service announced today that the two newly-approved contracts cover a pumping station and a microwave link relay station to serve the new airport at Chek Lap Kok.

The two projects, with a total value of over 64.3 million H.K. dollars (8.2 million U.S. dollars), will start soon for completion in early 1996 and mid-1995 respectively.

The award of those two contracts bring to 42 the total number of ACP contracts awarded by the government, with a total value of more than 32 billion H.K. dollars (4.1 billion U.S. dollars).

Meanwhile, the provisional airport authority has awarded six construction contracts valued at 10.7 billion H.K. dollars (1.37 billion U.S. dollars), and the Western Harbor Tunnel Company Limited awarded a contract worth 5.7 billion H.K. dollars (730,000 U.S. dollars).

Taking all the three sectors together, the total value of construction contracts awarded for the ACP is 48.4 billion H.K. dollars (6.2 billion U.S. dollars), according to the Government Information Service.

Article Views 'Tacit Approval' of UK Airport Plan

HK2405061994 Hong Kong SOUTH CHINA
MORNING POST in English 24 May 94 p 1

[By Chris Yeung and Linda Choy]

[Text] China has given tacit approval to the Government's latest request for funds for airport-related projects, giving another strong signal of an end to the two-year wrangle over how to finance the Chek Lap Kok plan.

In a departure from previous strategy, Chinese officials have refrained from criticising the Government attempt to seek more than \$1 billion from legislators for airport and rail projects. A senior mainland official admitted they had adopted pragmatism and acknowledged the "difficulties" raised by the British side over the urgent need for funds to keep the projects going.

"We hope to be more pragmatic and show the spirit of mutual accommodation to strive for an early accord," he said.

This is despite early statements made by the Chinese that the Government should not seek funds while the diplomatic talks on the overall financial arrangements were still underway. "Our major concern now is to secure a full agreement as soon as possible," said the official.

Just one day after the Airport Committee meeting, the Government said on Saturday it would seek funds from the Legislative Council to build an immersed tunnel across the railway link. Financial Secretary Sir Hamish Macleod was quoted as saying yesterday the Government planned to seek another "huge amount of funds" related to the airport project from lawmakers before the end of the current Legco session.

At a meeting with two legislators from the United Democrats and Meeting Point, he also reportedly said that the administration might publicise details of its fourth financing proposal which was handed to the Chinese side in February.

It is understood the next funding request will mainly cover the construction of the superstructure of the passenger terminal, estimated at more than \$10 billion. The Provisional Airport Authority has already completed the design of the terminal and it is necessary for construction to go ahead.

The Government is hoping that talks at the Airport Committee could "go parallel" with construction of the multi-billion-dollar project in order to minimise any delay.

A deputy director of XINHUA (the New China News Agency), Zhang Junsheng, yesterday pressed the British side for a quick solution to the airport issue claiming problems were "not on the Chinese side".

"We, on our part, hope very much that there could be a concise solution to the new airport problem. The earlier we can reach an overall solution on the financing package, the more conducive it would be to the new airport construction."

PWC Legal Group Favors Preserving Hong Kong Laws

HK2305140894 Hong Kong TA KUNG PAO in Chinese 23 May 94 p 2

["Special dispatch" by staff reporter Teng Yen-erh (6772 1750 0334): "Hong Kong SAR Preliminary Work Committee Discusses Treason, Other Legal Terms"]

[Text] The Preliminary Work Committee (PWC) Legal Group has begun holding a three-day meeting today in Beijing. At today's session, the group discussed 17 criminal laws currently being used in Hong Kong, and initially thought that, except some terms which must be changed, they can generally be used after 1997.

During the three-day meeting, the legal group will discuss more than 50 relevant judicial, law enforcement, and administrative laws. After the meeting today, Li Fu-shan,

the group's convener from the Hong Kong side, said that today the group discussed 17 clauses which are all related to criminal laws, and that the group thought the original laws should remain unchanged as much as possible—"it is better to stay put than make a bad move"—so as to realize Hong Kong's stability and prosperity and keep from affecting the Hong Kong people's life and confidence.

He said that the group discussed 17 clauses and thought they are very satisfactory, that—except for some terms like the "governor of Hong Kong," which must be changed—they can generally be maintained, but the group did not consider the concrete problem of how to amend them.

He said that, among the clauses discussed today were the corruption prevention ordinance and the criminal laws in Chapter 200 of the Hong Kong law. Chapter 200 is about treason and the crime of instigating rebellion. The group thought that the chapter is already compact and detailed and the group was inclined to simply make some adjustments to the wording. Today's session did not discuss Article 23 of the Basic Law, an article on secessionist activity not included in Chapter 200.

Shao Tianren, the legal group's convener from the Chinese side, said that, based on the demand of Article 8 of the Basic Law, the group is keeping the original laws of Hong Kong as much as possible, and that, as long as they do not contradict the Basic Law, they can be adopted as the laws of the Hong Kong Special Administrative Region (SAR). But he said that some problems within the clauses must still be further studied, including the way to handle terms and wordings that are different from the Basic Law. Some of the original laws come from the British Commonwealth or from Britain, and some powers, such as Hong Kong Legislative Council's power, come from British laws, and how they should be handled is a matter that must be looked into and discussions must be carried out to find a solution.

He said that the legal group examined 53 clauses at the previous two rounds of meetings. During the first round, eight clauses were discussed, and, during the second round, 45 clauses were examined. Today's session made very quick progress, looking at a total of 17 clauses.

Tan Yao-tsung, member of the legal group from the Hong Kong side, thought that the relevant clause on treason can generally continue to be used after some terms have been amended, because Britain is ruled by a constitutional monarchy, and, whether we are discussing the British Government or British sovereignty, they both belong to the Queen, and Chapter 200 of Hong Kong Law follows this spirit. After 1997, Hong Kong will become a special administrative region under Chinese sovereignty, and this clause should be amended according to the actual conditions, for example, some wording must be changed to read "central government."

Chamber of Commerce Opposes Proposed Electoral Reforms

HK2405073394 Hong Kong EASTERN EXPRESS in English 24 May 94 p 1

[Text] The influential Hong Kong General Chamber of Commerce yesterday signalled its alliance with forces opposed to the Governor's political reform package.

The chamber's chairman, William Fung, criticised Chris Patten's plan to give all 2.7 million workers a second vote in functional constituencies, and to scrap block voting by companies.

"We felt that the administration's proposals to create new, large, functional constituencies, representing an electorate of some 2.7 million from nine industrial and commercial sectors, to be a major departure from the concept and character of the existing functional constituencies," Fung said.

Jimmy McGregor, who represents the chamber in the Legislative Council but who was voted off its general committee last month, said Fung's statement was an example of bias as a result of business interests.

"It shows that the chamber is very much China-orientated politically, which is not surprising. So many members of the chamber have investments in China," he said.

Fung said the chamber believed that the nine new functional constituencies should retain the essential features—representing specific interests of each group with a limited electorate—of the existing 21 functional constituencies. Although McGregor supports Patten's proposals on the new functional constituencies, he had reservations.

"I have always supported [the idea] that the nine new functional constituencies have to be aligned with the existing 21 functional constituencies," he said.

At the last elections in 1991, only about 100,000 people were allowed to elect members to functional constituencies. One constituency is made up of 36 local councillors. A former representative, Gilbert Leung, was jailed for vote buying.

Functional constituencies will make up half the 60 seats in the legislature next year. Patten believes widening the electorate will make legislators more accountable to public opinion but China has accused him of trying to introduce direct elections by the back door. A government spokesman denied this, saying: "Every independent test of the Governor's proposals, be they by the British House of Commons Foreign Affairs Committee or independent legal experts who have given evidence, have all said the Governor's proposals are within the framework of the Joint Declaration and the Basic Law."

"The Governor's proposals, including that on functional constituencies, have been considered by the Legislative Council on three occasions."

Fung also gave his opinion on the establishment of the Court of Final Appeal, delayed by the Legislative Council's refusal to endorse a Sino-British agreement. Fung said the chamber backed its establishment as soon as possible.

"Many members of the chamber would have preferred some discretion to be allowed on the number of overseas judges to rest with the court," Fung said. "Nevertheless, agreement has been reached in the Joint Liaison Group to restrict the number of overseas judges to one, and therefore this agreement must be honoured."

Fung said the court needed to be set up as soon as possible in order to build credibility before 1997 and to help maintain confidence in Hong Kong's position as a leading commercial and financial centre.

Article Views British Efforts To 'Split' China

HK2305131394 Hong Kong WEN WEI PO in Chinese 21 May 94 p A11

[Article by Chung Han (0022 3466): "Those Trying To Split and Weaken China Are Simply Mistaken in Their Calculations"]

[Text] As a component of its entire policy toward China and in accordance with its policy toward Hong Kong, the British Parliamentary Foreign Affairs Select Committee's report advocates confronting China on the issues of Tibet and Taiwan as well.

Aiming To Support the Independence of Tibet, Taiwan

The Report quotes a 1943 British diplomatic document, saying: "The British Government has always been willing to recognize China's suzerainty over Tibet; however, such recognition must be based on an understanding of Tibet's autonomy"; at the same time, the document maintained that Tibet should be allowed "fuller autonomy" when necessary, and proposed that the British Government "hold discussions on the issue of Tibet's right to self-determination" with its Chinese counterpart. Those who have a knowledge of politics see clearly that suzerainty and sovereignty are two entirely different concepts; the nationality-defined autonomous region within a sovereign country and the relations between a metropolis and its vassal are basically different. The so-called recognition of China's "suzerainty" and Tibet's "fuller autonomy" referred to in the document is precisely meant to violate China's sovereignty, so that Tibet would leave the Chinese Government's jurisdiction and realize its independence in disguise under the pretext of "autonomy." The reason why the British Parliament shows such extraordinary concern over Tibet lies—just as the report says—in "the historical ties between Britain and Tibet." Such "ties" actually stem from the shameful history of Britain's invasion of China's Tibet and its intervention in Tibetan affairs. Regrettably, the British have the guts to glorify themselves with that incident. Back in 1888 and 1903, when Britain met with strong resistance in its invasion of Tibet, Britain changed its strategy and took the goal of separating Tibet from China. In 1907, when imperial Russia signed the "Treaty on the British-Russian Alliance," which aimed to contend for Central Asia, it had—for the first time in history—misrepresented China's sovereignty over Tibet and changed it into "suzerainty." At the Simla Conference in 1913, with participation of British and Tibetan delegates, the British Government required the Chinese Government to recognize the "autonomy of outer Tibet (including Tibet and western Sikang)," and "refrain from intervening in its internal affairs," with the effect of changing China's sovereignty over Tibet into suzerainty. Thanks to the strong opposition of the Chinese Government, the British attempt to sever Tibet from China was never successful.

This shows that the British Parliamentary Foreign Affairs Select Committee is actually playing the same old tune and Britain has never given up its effort to separate Tibet from China. The so-called "violation of human rights in Tibet and threats to Tibetan cultural and religious characteristics" are nothing but pretexts. The report asserts, "a satisfactory solution to anxieties over the former (human rights violations) will be possible only by making progress in the latter (the Tibetan right to self-determination); this statement reveals the aforementioned British effort. If we examine Tibet's actual conditions, in the 43 years since its peaceful liberation, it has thoroughly abolished the extremely backward feudal serfdom, and, consequently, a million former serfs have taken the bright road of modernization. There is a world of difference between the present human rights conditions and those under the previous rule of slave owners in Tibet. The so-called "human rights violations" are obviously a deliberate exaggeration, and even a fabrication at that.

According to the report's own words, "signs of a thaw" in the "rigid" relations between the British Government and Taiwan have surfaced in recent years. In 1992, Britain appointed a diplomat to the general executive office of the Committee for British-Taiwan Trade (which was later changed into the British Office for Trade and Culture.) For the first time, the British Minister of Trade paid Taipei an official visit in 1993. Since Chris Patten's arrival in Hong Kong, the British Hong Kong Government has kept one eye shut, given silent consent, and tolerated the Taiwan Authorities when they conduct activities in a governmental capacity as well as the high-sounding activities of Taiwan governmental organizations in Hong Kong. While expressing admiration for such tendencies, the report says, "it is suggested that the Government should reassess the status of the Taiwan office in Britain," "relax related restrictions," and even "propose closer ties between Westminster and Taiwan's Legislative Yuan." Furthermore, it expresses the hope that the international community "will help Taiwan pursue its goal of obtaining official status in the world." In actual fact, this aims to maintain and expand the separation of Taiwan and mainland China, tolerating and supporting Taiwan independence, and thus directly violating the position and commitment the British Government has openly taken on the "Taiwan issue."

British Strategy of Disintegration

The report links its position on the issues of Tibet, Taiwan, and Hong Kong, and it is not difficult to see that the truth behind all this can be summed up with but one word: "independence." Specifically, by supporting the independence of Tibet, Taiwan, and Hong Kong, Britain seeks to secure "Britain's essential interests" and protect and expand its influence. There are several differences: In Tibet, the British want to recover their lost influence; in Taiwan they want to expand their influence; and in Hong Kong, they want to protect and maintain their special vested interests. The British have bet their largest stake on Hong Kong. Because 1997 is approaching, Britain knows pretty well that its influence in Hong Kong is continuously dwindling. That being the case, it is simultaneously playing the "Tibet card" and the "Taiwan card" so as to more

powerfully contain mainland China. At the same time, it is attempting to join hands with the EC and the United States to jointly deal with mainland China. Thus, the report calls on "the world to concern itself with the Tibet issue" and is pinning high hope on international public opinion toward the Hong Kong issue. In addition, the report has done its best to sow discord between China and its neighboring countries and has brazenly alleged that "other countries, especially China's northern and western neighboring countries, will show increasingly greater interest in how China is treating other minority nationalities," in an attempt to tempt those countries to work for Britain.

What are some British politicians really after? After some further analysis of the report, we find that some British politicians have become psychologically imbalanced when faced with the rapid growth of China's national strength and its increasingly elevated position in the world. They do not want to see a powerful China and are being unable to forget their dreams of splitting and weakening China and making China return to the state of disintegration of the 1940's. Beyond a shadow of a doubt, that is the general goal of the British politicians' proposal for a policy toward China. The report supports Hong Kong, Tibet, and Taiwan to pursue independence in disguise, and calls Macao China's "neighboring country." It instigates foreign intervention in China's minority nationality issues, along with the creation of public opinion on disharmony between the central and local governments in China. All this is being done in pursuit of "disintegration" and represent important steps in their general policy toward China. Out of the need to maintain its rule over Hong Kong in the past, Britain was not in the position to openly intervene in Taiwan affairs, nor dared it be excessively aggressive over the Tibet issue. Now, the British seem to have no misgivings whatsoever; in addition to the tremendous changes in the world situation in the late 1980's, Britain has eventually changed its entire policy toward China, including its policies toward Hong Kong, Taiwan, and Tibet. Regarding the British strategy of disintegration, a report written by British International Strategy Society early this year contained a relatively detailed discussion of the plan, and may serve as a footnote to the British Parliament report.

China Is Able To Face Any Challenges

The Chinese Government has repeatedly reiterated that the Tibet and Taiwan issues and Hong Kong affairs after its return to China in 1997 are purely China's internal affairs, and no foreign forces have the right to intervene. It is absurd that the report should link opposing intervention in another country's internal affairs to "restricting the freedom of speech of the citizen of another country." Just as was indicated by Hong Kong media, should the Chinese discuss the issue of Northern Ireland, it is believed that Britain would not tolerate it. Especially considering that the issues of Hong Kong, Taiwan, and Tibet have a bearing on China's national security and stability. Facing such major issues of principle, there is no leeway for the Chinese Government. Furthermore, in recent years, China has enjoyed a stable political situation, social solidarity, and

sustained rapid economic growth. Facts have shown that China has sufficient confidence and strength to face challenges from any international forces. At the same time, China's relations with peripheral countries have been consolidated and developed, and some Western countries are showing their friendliness one after another. The current world situation is favorable to China as well. In contrast, British domestic issues are piling up, and the Major government can do nothing to improve the situation. The Conservatives are suffering from a confidence crisis which grows increasingly serious with every passing

day. In recent British local parliamentary elections, the Conservatives have been reduced to a third party. At the international level, British influence within the EC has all along been insignificant, and its relations with the United States are far from what they used to be. With increasingly greater importance being attached to economic factors, the British attempt to join hands with international forces to deal with China is undoubtedly wishful thinking. In the final analysis, all factors have decided that any evil plots to split China will be in vain.

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